

GENERAL SUMMARY

Smith border raiders kill 17
Botswana's soldiers and two British in an ambush on the wana side of the border, it stated in Gaborone.

Addressing the National Assembly, Vice-President Masire said that eight more Botswana soldiers were wounded and three missing. Reinforcements had been sent to the area where the situation was "extremely tense".

A Rhodesian communiqué said that Botswana troops had clashed with Rhodesian forces after pursuing guerrillas across the border. It was also reported that Botswana forces were involved in a battle with Rhodesian troops, pulled back and a tentative target of December 31 for the end of a black majority-ruled era.

A nationalist guerrilla force and 120 African soldiers after holding up two in south-west Rhodesia, Masire said. He reported that a land caught in guerrilla war.

German lock-out
Newspaper publishers re-terminated a printers' lock-out which will stop any Saturday capital's five newspapers appearing in London. The paper was published first time in five days imposing room print workers called off unopposed over a productivity U.K. print dispute.

Shi overtures
Mrs. Indira Gandhi's breakaway faction in India has no credible for India's official Centre that moves were New Delhi last night in the party. Page 3

Ir visit
James of Kent Area in Ireland for a five-hour tour. Dean military base, fast a self-confessed of the Ulster Volunteer Force, aged 25, was jailed for times a record in Ulster for the sectarian murder of a Catholic. He was one of four others, including a woman, shot dead in a sectarian fire.

We snow likely
Weather is expected in the present mild and rain. According to the long-term forecast for March, snow is probably the more frequent event. Back Page

Briefly...
The High Court judge who is to decide over a three-month inquiry into the 1968-69 Crown Agents' affair is expected to be named later. Page 8

Spain, China Foreign
Spain's Foreign Minister is expected to visit China after the Spanish People's Republic has ended. Page 3

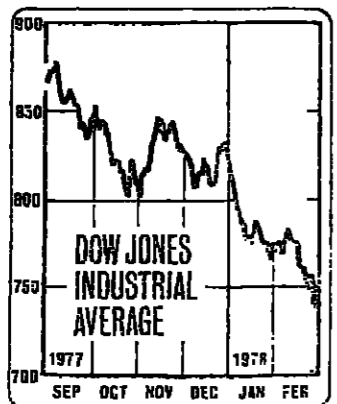
Case of Rudolf Hess, Hitler's
The German Foreign Minister is expected to visit Berlin to attend a meeting among all-party members.

Police believed that at least
Italian industrialist recently had his own kidnapping insurance company. Snapping move. Page 5

Munich-Amsterdam
expressed a local Dutch train in Arnhem, injuring at least 20.

Aguirre, Spanish Foreign
Minister, is in Poland for the first visit at this level. Spanish office. Page 2

Memorial appearing at
championing Crown Court and a driving ban because was unaware that a bottle of whisky contained the remains of one and a half sties.



the fall to gloomy economic factors and the weakness of the dollar.

DOLLAR came under renewed pressure, falling sharply against the Swiss franc, and reaching its lowest level against the D-mark. The dollar's depreciation widened to 5.35 per cent. (5.09). STERLING closed 95 points up at \$1.9415, reflecting the dollar's weakness. The pound's trade-weighted index fell to 65.2 (65.3).

EQUITIES fluctuated narrowly in this trading on uncertainty about a threatened engineering strike and the outcome of rail talks. The FT Ordinary Index closed 1.6 up at 443.1.

GILTS drifted after a firm start and the Government Securities Index closed 0.21 up at 74.41.

GOLD rose 81 to \$182.

POST OFFICE is to spend \$100m in the next eight years on speed development of View data the home computer terminal scheme. Back and Page 16

GOVERNMENT statement on the problems of BSC will be made before Easter. Mr. Callaghan has said. BSC, which is losing about £2m a day, plans to put its new £16m steel plant terminal being built at Bilton into production as soon as it is completed next month. Page 6

Monetary targets criticised

GOVERNMENT'S adoption of monetary targets has been strongly criticised by the National Institute of Economic and Social Research. The institute argues that increasing in earnings via a formal income policy is vital to reducing inflation, and predicts a brief economic recovery followed by rising unemployment in 1978. Back and Page 25; Editorial comment Page 16

At the same time, an indication of the rise in company profitability has come in figures published showing a 25 per cent. increase in payments of corporation tax. Back Page

U.S. INDEX of leading economic indicators fell 1.9 per cent. in January, its biggest drop in three years, the Commerce Department said. Page 4

MR. G. WILLIAM MILLER, whose nomination for chairman of the Fed has won support on the Senate Banking Committee, has denied that he knew that payments had been made by a Textron subsidiary to a former head of the Iranian Air Force. Back Page

JAPAN is expected to plan an undertaking soon to limit exports of cars to Britain to no more than 10 per cent. of the market during 1978, according to Trade Secretary Mr. Edmund Dell. Back Page; Editorial comment Page 16

NATIONAL WESTMINSTER Bank has reported even bigger profits than last year with a jump of 21 per cent. to £237.6m (£187.7m) for 1977. Much of the improvement came from international operations. Back, Lex and Page 19.

Chief price changes yesterday

Index		Taylor Woodrow	
1200	1207	332	4
1200	1207	374	4
1200	1207	73	9
1200	1207	127	5
1200	1207	272	10
1200	1207	135	5
1200	1207	290	5
1200	1207	500	75
1200	1207	434	12
FAILS:			
1200	1207	161	4
1200	1207	245	4
1200	1207	127	5
1200	1207	365	4
1200	1207	94	4
1200	1207	151	8
1200	1207	726	28

OECD agrees new growth strategy for more countries

BY ROBERT MAUTHNER, PARIS, FEBRUARY 28

Senior officials of member countries of the Organisation for Economic Co-operation and Development to-day reached broad agreement on a new, concerted growth strategy for the Western industrialised world. Under this a larger number of countries than hitherto, including the U.K., would take steps to expand their economies.

The agreement, announced by Mr. Charles Schulze, the new chairman of the organisation's economic policy committee and chairman of President Carter's council of economic advisers, is in no way final, since the committee is not a decision-making body. But the fact that a consensus was reached by high officials means that the way has been cleared for the plan's submission to the organisation's Ministerial meeting in June and the Western economic summit in Bonn the next month.

The new approach is intended to replace the old "locomotive" theory, under which the most solidly-based economies, such as the U.S., Japan and West Germany, were supposed to pull the world out of its recession by a strong boost to internal demand, while the weaker countries concentrated on curbing inflation and reducing their payments deficits.

This strategy failed mainly because, in the view of the organisation's secretary and many of the member countries, the West Germans and Japanese were not prepared to expand production and the size of budget deficits. While it was recognised that the domestic economic situa-

Swiss pressure on U.S. Page 3
Healey speech Page 6

on what countries should be included in this second category, it is clear that it is not at least the U.S., France, the Netherlands, Italy and possibly Belgium and Sweden.

A number of countries have not been fixed on for application of the strategy, but it is hoped that it will be implemented in the second half of this year. Agreement was reached after a thorough examination of the constraints on growth such as the balance of payments, problems of inflation and the size of budget deficits. While it was recognised that the domestic economic situa-

Pay talks collapse threat to engineering companies

BY CHRISTIAN TYLER, LABOUR EDITOR

MANY OF Britain's biggest engineering companies face the prospect of official industrial action following the unexpected collapse of negotiations on a new national pay agreement.

The Engineering Employers' Federation said last night it was "astonished" by a decision by the union leaders earlier in the day to press for combined action at a meeting on Friday.

If that recommendation from the 12th-month engineering union of the Associated Union of Engineering Workers is endorsed, some of all of the federation's 6,000 member companies, employing between 10m and 15m workers, could be hit.

The employers' association said last night that industrial action would be extensive or well supported, despite the traditional absence of AUEW members, because of the technical nature of the pay dispute. But the engineering sector's executive was unanimous yesterday.

day, and Mr. Hugh Scanlon, AUEW president, said in an interview that he was "astonished" by the employers' "final offer" had been rejected.

Friday's meeting of the Confederation of Shipbuilding and Engineering Unions will decide the form of the action.

There are many options, ranging from an overtime ban like that in 1974, to a complete stoppage of work. The union leaders earlier in the day to press for combined action at a meeting on Friday.

Mortgage lending to be cut

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

MORTGAGE lending is to be cut because of Government concern about rising house prices.

The decision means that home loans will become more difficult to get from April, although the building societies have managed to find ways of lending than ever before.

Ministers, apparently, have become extremely concerned over evidence to suggest that house prices are shooting ahead and to-morrow the societies will be told that the lending programme jointly directed by both sides only a few weeks ago must be reduced.

Although many societies have serious misgivings about the move, they seem likely to agree to the Government's request. The extent of the lending cut will be negotiated at tomorrow's meeting.

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One-day rail strikes called off

By Nick Garnett, Labour Staff

The series of one-day rail strikes, the first of which was due to begin at midnight last night, was called off late yesterday after a day of talks involving ASLEF, the drivers' union and the National Union of Railwaymen.

Many of the principal issues in the dispute have still to be settled, however, including relative pay between some drivers and guards and these could have serious repercussions for future rail peace.

British Rail cancelled some overnight London trains before the result of the talks were known.

Some rolling stock will not be in normal locations and some services may be a little disrupted today.

The peace formula involved the setting up of a meeting under Lord McCarthy, chairman of the Railways Staffs National Tribunal but acting in an unofficial capacity, to decide the means of resolving the dispute between ASLEF and British Rail.

ASLEF called the strike in protest at what it claims was a "sectional agreement" to pay commissions to pay-rail guards, which broke the industry's 1974 pay restructuring arrangements.

The argument has led to considerable bitterness between ASLEF and the NUR, which represents the guards.

As part of the peace formula, the payments to the guards will go ahead, and ASLEF has withdrawn its strike threat.

Yesterday's talks involved executive meetings of both unions at TUC headquarters, and joint meetings involving Mr. Len Murray, the TUC general secretary, and rail management officials.

Mr. Murray played a crucial part throughout attempts to reach an agreement.

Mr. Ray Buckton, the ASLEF general secretary, said after the talks that it was right that the guards' pay deal should go ahead. He was pleased that a "forum" was being created to sort out drivers' grievances.

The NUR and the Transport Salaried Staffs Association have warned of further "sectional" pay claims from their members if the drivers receive similar extra payments to those of the pay-rail guards.

Bickering between staff grades plagued the railways before 1974 and British Rail is anxious to prevent recurrence of that during the present industry-wide approach on manning, pay and productivity.

Mr. Sid Weighill, the NUR general secretary, said he had recognised that the guards' agreement was "legitimate" and he was satisfied at the outcome of the talks.

Continued on Back Page

SE plan for foreign deals by jobbers

BY NICHOLAS COLCHESTER

STOCK EXCHANGE jobbers should be allowed to deal in overseas securities directly with members of foreign stock exchanges.

The change, which effectively breaches the principle of single capacity for foreign stocks under which jobbers deal only through London brokers, is understood to be the key recommendation in a draft report prepared by the Committee of Senior Partners of the Exchange membership.

Deals in foreign securities—those purchased through the premium—would be negotiated directly with the foreign broker, rather than through a London broker at a low rate of commission.

The idea is to enable jobbers to participate effectively in the growing international securities business. It is hoped this will help preserve their ability to continue to act as a "circuit breaker" in the British securities market.

The separation of jobbing and broking, which London's Stock Exchange insists upon, has been a handicap for its members in international securities markets where firms tend to embrace both functions.

The desire of British jobbers to deal directly with these foreign securities.

These could include changes to the rules governing brokers' "put-throughs" (trades where a broker finds both buyer and seller) a lengthening of the account period, and alterations to the proportions of Tailsman clearing costs borne by brokers and jobbers.

The committee was clearly very concerned that its proposed change in the rules could endanger the principle of single capacity in domestic securities—including the all important market in gilt-edged securities.

It has taken what seems to be the smallest step in the direction of dual capacity it is possible to envisage. It discarded more wide-ranging schemes, including the allowance of dealing contracts formed by jobbers and brokers for international stocks, and even a completely separate exchange floor for dealing in to deal directly with these foreign securities.

Monopolies clearance for firms' merger

BY MARGARET REID

DECISIONS are likely to be taken soon on whether the projected merger between two of London's largest stockjobbing firms will go ahead and on what terms. The planned merger concerns Smith Bros. and Blagden Bishop, which are owned by the Monopolies Commission.

The commission decided that the joining of the two businesses, which would cut the number of London's big jobbers from five to four, would not operate against the public interest. It recognised that every reduction in the number of jobbers meant some reduction in competition, but concluded that two special features justified the deal.

One of these was that the overlap between the business of the two concerns was so small—only 48 out of the total of 2,800 securities they handle between them are dealt in by both firms—that the adverse effect on competition would be limited. The other more positive, favourable consideration was that the fortification of the two businesses' strength through a merger could

make them better able to expand. "We consider that it would be generally in the public interest if, as a result of the merger, international business were attracted to London, which would otherwise be done by foreign dealers elsewhere."

In announcing the commission's finding, which means the Government has no power to prevent the merger, Mr. John Fraser, Minister of State for Prices and Consumer Protection, referred to price spread agreements between jobbers in the market. He noted the commission had said these agreements, concerning the gap between

Continued on Back Page
Lex Back Page

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EUROPEAN NEWS

Spain's Cabinet reshuffle: a significant change in political complexion

SR. ADOLFO SUAREZ, handling the resignation of Prof. Enrique Fuentes Quintana, his chief economic minister and policy-maker, has shown once again what an astute political operator he is. When it became clear last Friday that Prof. Fuentes Quintana would not withdraw his resignation, the Prime Minister acted quickly. He consulted only his closest colleagues, the caucus of his Union de Centro Democrático (UCD) party, the king and the defence minister. Then the changes, four new Cabinet members, were announced with the minimum of fuss later in the evening. By avoiding a drawn-out government crisis, Sr. Suarez has been able to give a reassuring sense of continuity, and to play down the consequences of the change.

Yet it would be wrong to gloss over this crisis and pretend that it is business as usual again. An important shift of emphasis in the political complexion of the Government has occurred. At the same time, the Government has acquired an almost entirely new ministerial team dealing with the economy. Inevitably, this places a question mark over the future direction of Government economic policy. In part this is because policy has been shaped by Prof. Fuentes Quintana until now. Also because this policy, embodied in the October package of measures known as the Moncloa Pact, relies for its success on the continued co-operation of the main opposition parties—the Communists and Socialists.

The leading independent daily, El País, greeted the government with a shake-up with a banner headline

announcing "Suarez moves to the Right." Initial analysis of the resignation of the new ministers supports this view. The other striking aspect is how Sr. Suarez has sought to introduce men with whom he feels at ease, and who Minister's closest associates



Sr. Suarez: reassuring sense of continuity.

represent the mainstream "centre" of his UCD Party. This has led a number of commentators to conclude that Sr. Suarez has taken advantage of the Cabinet reshuffle to give greater ideological coherence to the Cabinet—and by the same token to the governing UCD. Prof. Fuentes Quintana was not a member of the UCD. His intellectual arrogance made him

occupying until now the key Cabinet position of Vice-President of the Government in charge of political affairs—a post he will retain for the moment. Sr. Abril, aged 41, is an agricultural engineer and agronomist by training.

Sr. Salvador Sanchez Teran, the organising secretary of the UCD and frequently used as a go-between by the Prime

Minister, becomes the new Minister of Transport. He is also said to be friendly with the extreme Right-wing leader Sr. Manuel Fraga of Alianza Popular. The new Minister of Agriculture, Sr. Jaime Lana de Sepúlveda, a 37-year-old agronomist, is regarded as middle of the road technocrat within UCD, and a friend of Sr. Abril. While the new Labour Minister, Sr. Rafael Calvo Ortega, a finance lawyer, has been acting as the UCD spokesman in the Senate and is closely tied to the Prime Minister.

These moves are expected to permit Sr. Suarez to exercise greater control over the UCD which he is seeking to convert from the loose network of political groupings and personal factions that allied to fight the June 1977 elections into a coherent party. He knows this to be an essential prerequisite for the party to survive in power. In this sense he has taken advantage of Prof. Fuentes Quintana's departure to tidy up his Cabinet and strengthen the Party in anticipation of the municipal elections.

The municipal elections will not be held until after the new constitution is approved—probably not until the end of the year. This raises the issue of the UCD's ideological posture. Since the June elections, Sr. Suarez has adopted a political stance in contradiction to the assumed ideological complexion of his government. It means that Sr. Suarez wants to confront the Socialists on a more Right-wing ticket.

The effect of all this on the Moncloa Pact and Sr. Suarez's policy of consensus politics is problematical. Clearly in the short term, especially until the economy pulls out of the trough, Sr. Suarez has every interest in reassuring all concerned. But in three ways at least there will almost certainly be a change.

First, the deflationary measures have resulted in an unforseen slowdown in growth, an increasingly worrying level of unemployment, and serious problems in the banking sector that

have combined with a general lack of business confidence. This has been the price of a major improvement in the payments situation and a halt to the inflationary spiral. Growth could be below 1 per cent. this year and there are fears now that unless some reflationary measures are adopted soon, recovery will take longer and be much more complex with all the attendant social and political problems of deep recession.

In other words, the Moncloa Pact has to adapt itself to the new economic circumstances without squandering achievements to date. Secondly, the longer term aspects of the Moncloa Pact—the structural reforms promised to the Communists and Socialists—have to be implemented if the consensus is to survive.

It was precisely on these structural reforms, like a new energy plan which proposed a

major overhaul of the existing infrastructure with greater state intervention, that the previous Cabinet found itself unable to agree.

Restructuring Spain's energy falls into question some of the most powerful vested interests, the ownership by the private banks of the utilities, and raises the delicate issue of nationalisation—a word unheard of under Franco. The new Minister of Industry, Sr. Agustín Rodríguez

BY ROBERT GRAHAM IN MADRID

Sahagún, vice-president of the Spanish Businessmen's Association, has been strongly critical of the Moncloa Pact and his appointment is deemed a sop to business opinion. He is considered unlikely to pursue the energy plan in the same way. At the very least it means that vital time will be lost over the energy plan—arguably the most important immediate structural change, since Spain is the sole country in Europe not yet to have faced up to the consequences of the 1973 oil price rises. Discussions on the future of steel, and shipbuilding are also likely to be held up and policy oriented if possible away from nationalisation.

Thirdly, the disappearance of such a dominant figure as Prof. Fuentes Quintana from the front seat must give a change of style if nothing else. With him goes the chief technocrat in the economy. Sr. José Ramón Álvarez Rendueles, who co-

ordinated between Prof. Fuentes Quintana and the Finance Ministry headed by Sr. Francisco Fernández Ordóñez.

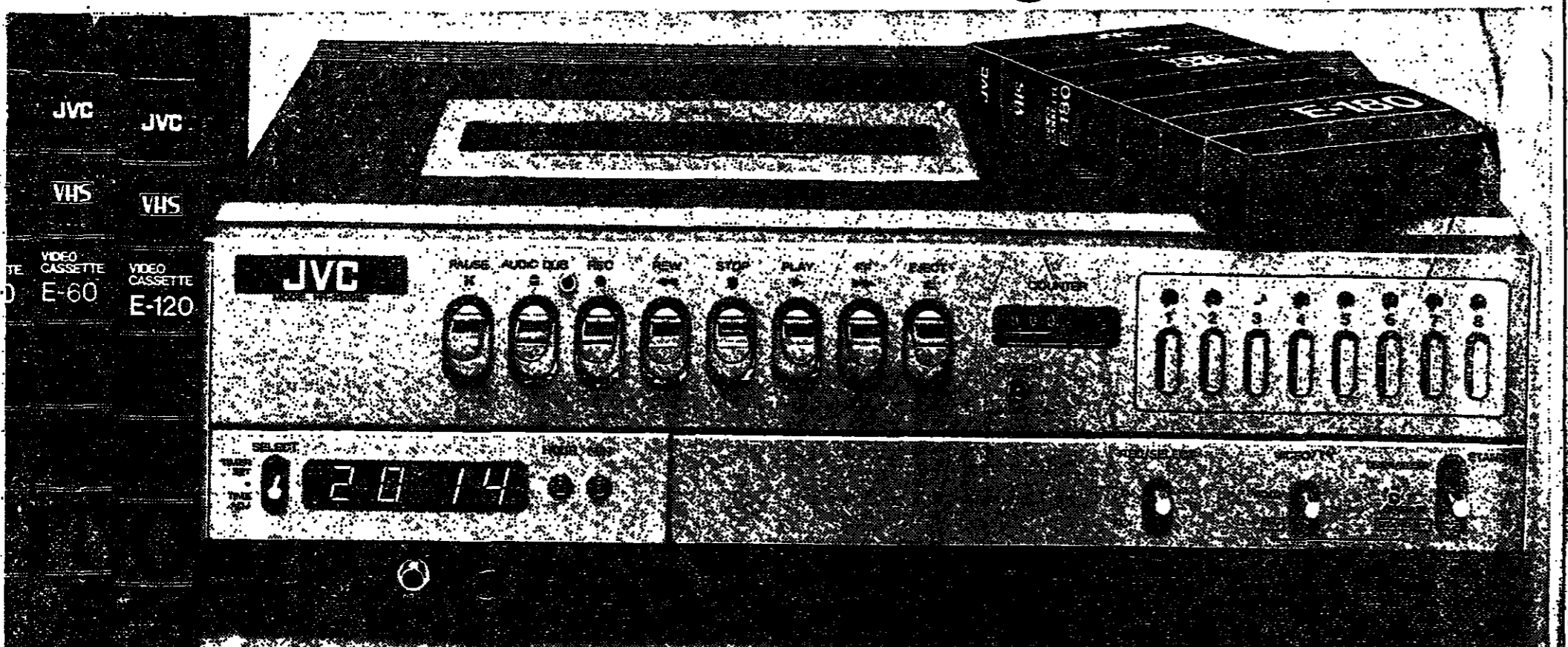
The disappearance of Prof. Fuentes Quintana is a major disruption in government only eight months after Sr. Suarez initiated his post election administration: a disruption which will take some explaining to the international banking community upon whose confidence Spain is increasingly dependent.

It is premature to suggest that this marks the beginning of the end of Sr. Suarez's experiment in consensus politics. Sr. Suarez still needs to keep the Socialists and Communists on board because of economic policy requires their support, direct or indirect.

He also knows that the IMF has approved Spanish economic policy embodied in the Moncloa Pact. This approval was the main reason for accepting a worth of stand-by credits earlier this month. For their part, the Communists and Socialists probably feel they can achieve more through cooperation than opposition at the moment.

But there are bound to be increasing signs of strain from now on in Sr. Suarez's relations with the Communists and Socialists. The latter will be expected to prepare fall back positions against the breakdown of the Moncloa Pact (there are hints the Communists are already doing this) and in anticipation of waging a determined campaign in the municipal elections which many believe will give the first real indication of Spain's post Franco political complexion.

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Interest rates rise in latest Turkish austerity measures

BY METIN MUNIR

ANKARA, Feb. 28

INTEREST RATES in Turkey were adjusted today in the latest chapter of the Government's programme of economic austerity measures.

The annual maximum interest rate in medium and long term loans was raised by 2 per cent. to 16 per cent. For short term loans "given priority by the central bank," the maximum interest rate became 14 per cent. an increase of 2.5 per cent. For loans outside "these two categories," the lending rate becomes a maximum of 16 per cent., 2 per cent. higher than previously.

The maximum interests charged by the Agriculture Bank, the biggest in Turkey, and the People's Bank - both of them state owned - have remained unchanged at 10.5 per cent. a year. The former lends to farmers, the latter to small traders and artisans. Interest rates on deposits went up as well.

Rates to be paid on deposit of between three to six months have become 5 per cent., six to 12 months 9 per cent., one to two years 12 per cent., two to three years 16 per cent. and three to four years 20 per cent.

The last three categories have been newly instituted. Increases in the interest rates of the three other categories corresponds to 3 per cent. interest on sight deposits has remained unchanged at 10 per cent.

Under a new system introduced today, Turks working abroad have been accorded a

"spread" of 4 per cent. for deposits in excess of one year of Turkish lire converted from hard currencies. Thus such deposits will earn 16 per cent. for between one and two years, 20 per cent. for two to three years and 24 per cent. for three to four years.

The aim is apparently to attract the savings of expatriate workers whose remittances are a vital source of hard currency for Turkey. Remittance a year totalled just under \$1.5bn. Turkey's 1978 budget forecasts spending of \$1.3bn. was approved by National Assembly in Ankara yesterday. Metin Munir reports.

but are expected to reach \$1.3bn. this year. Banks' cash reserve requirements also went up from an overall 10 per cent. to from 10.5 per cent. to 16 per cent. depending on their total deposit positions.

The general purpose of these new decisions, which appear in today's official Gazette, is to "boost savings and limit borrowing," according to the central bank.

Other austerity measures including a devaluation, are expected to be announced soon. When these are completed, probably in a week or so, a Turkish delegation will go to Washington to resume talks with the International Monetary Fund if extension of credits.

U.S. credit for Portugal

BY JIMMY BURNS

LISBON, Feb. 28

THE U.S. will sign a basic agreement at the Bank of Portugal \$50m. standby loan expected here to-morrow for its share of the \$750m. medium-term loan agreed last year by 14 industrialised countries to help Portugal solve her balance of payments problem.

The terms of the \$300m. U.S. credit still depend on the successful conclusion of Portugal's negotiations with the International Monetary Fund on a

national Monetary Fund on a \$50m. standby loan expected begin here within the next few weeks. A representative of the Fund has already arrived in Lisbon to prepare the talks.

Venezuela, Switzerland, Norway and Sweden have also signed similar bilateral agreements. Portugal committing \$75.5m. the total loan-\$51.3m. of has already been drawn down.

Tough Norway proposal

BY WILLIAM DUFFORCE

COPENHAGEN, Feb. 28

THE NORWEGIAN Labour Cabinet has appointed a working group of four Ministers to study a 15-point package of belt-tightening measures submitted by Mr. Per Kleppe, the Finance Minister, to follow up the February 10 devaluation of the krone. The group, which includes Mr. Kleppe, will decide whether his economic proposals are compatible with the Government's political aims. The measures would cut most Norwegians' real income about 1 per cent. this year, according to Oslo Radio. It would postpone improvements in sickness benefits and work environment regulations. The holiday week, to which workers were to become entitled this year, would now be wip.

Mr. Kleppe is understood to want to cut spending on new power plants and curtail Government support the shippers.

Spanish army calls off trial

By Our Own Correspondent

MADRID, Feb. 28

MILITARY authorities in Barcelona called off the scheduled court martial today of six Catalan actors after two of them failed to appear before the court. One of those missing was Sr. Alberto Sordella, the director of "Elis Joglars" troupe who escaped from hospital yesterday.

The actors are accused of offending the armed forces to their pantomime "La Torna" (The Return) based on the execution of a Pole and an anarchist in 1974. One scene showed drunken army officers. The prosecution is asking for six years' gaol for Sr. Sordella. Reuter

Belgian plan for regions

BRUSSELS, Feb. 28

BELGIUM'S SOCIAL CH. Prime Minister, M. Tindemans, today asked Parliament to approve texts for the foundations of a new Belgium of three autonomous areas which is hoped put an end to the long str has placed the Dutch and speaking communities in

The latest Government tion culminates months that followed the concl the Egmont Pact, an s reached in 1977 by parties in St. Tindemans team and which detail proposed reorgan AP-DJ

مكازم النجف

AMERICAN NEWS

Braniff trans-Atlantic flights stopped for 'overcharging'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.K.-U.S. row over trans-Atlantic fares took a turn for the worse yesterday, when the U.S. Civil Aeronautics Board (CAB) prevented a U.S. airline, Braniff, from starting regular flights between Dallas/Fort Worth and London, on the grounds that the fares it was charging were too high.

A Braniff "pre-inaugural flight," carrying guests, and no fare-paying passengers, will arrive at Gatwick this morning, but the regular fare-paying passenger flights are suspended until further notice.

Behind this latest development is the trans-Atlantic fares row is the U.S. insistence that its airlines should be free to charge cheap fares approved by the CAB, while the U.K. believes that the trend towards such fares has gone far enough, and that a halt should be called until their effect can be more carefully assessed.

Talks on this problem are due to open in Washington next Monday between officials of the U.S. Government and the U.K. Department of Trade and the Civil Aviation Authority (CAA). The Braniff problem will undoubtedly be discussed, and until then, it seems unlikely that the regular Braniff flights to Gatwick can start.

The problem over Braniff stems from the fact that when it was originally granted the route between Dallas/Fort Worth and Gatwick, it applied for the right to charge a range of fares which the U.K. Civil

Effort to sway miners

BY STEWART FLEMING

NEW YORK, Feb. 28.

AFTER 55 days on strike, the United Mine Workers' Union (UMW) is to spend about \$40,000 in the latter half of the week to try to persuade its 160,000 rank-and-file members to vote in favour of the new wage contract offered by the Bituminous Coal Operators' Association (BCOA). Voting on the contract will begin this week-end.

With widespread uncertainty surrounding the attitude of the membership to the new contract, the union and its public relations consultants are mounting an intense campaign on radio and television to persuade the striking miners to vote in favour of the contract. The advertisements will be broadcast in key mining regions and states such as West Virginia, Ohio, Kentucky and Pennsylvania.

French election influences IMF choice

BY JUREK MARTIN AND DAVID BELL

THE APPOINTMENT of a new Managing Director of the International Monetary Fund (IMF) now hangs, at least in part, on the outcome of the French general election in March.

For many months, M. Jacques de Larosiere, a senior French Treasury official, has been the leading candidate to succeed Dr. Johannes Witteveen, who had wanted to leave the post before his term expires in mid-summer.

M. de Larosiere remains the favourite (he has the firm support of the U.S. and the political backing of the EEC) but there is a perceptible lack of enthusiasm for his appointment in some quarters particularly among the developing countries. This has been compounded by the belief that he may be too closely linked to the policies of President Giscard d'Estaing.

As a result, the IMF's board of directors has repeatedly delayed formal action on the appointment, even though other prominent candidates have taken themselves out of the running in recent months. Tentative agreement on M. de Larosiere's candidacy was in fact reached among major industrialised nations as long ago as last September at the IMF's annual meeting.

Some members of the board also feel that, if the left wins, President Giscard may want to keep M. de Larosiere in Paris to assist him, as his term does not expire until 1981.

More generally there is concern at what some board members see as the politicisation of the managing directorship, always a sensitive issue but more so now because of the strains between the industrialised world and the developing nations.

In addition the U.S. has probably pushed the candidacy of Mr. de Larosiere harder than most over the past few months and has caused some resentment in the process. There is therefore apprehension that if he becomes the managing director,

he would not necessarily be able to withstand U.S. pressure as well as Dr. Witteveen has done in the past four years.

These considerations have combined to produce some surprising divisions at Board level. According to one reliable head count, only 12 of the 30-member Board are firmly committed to M. de Larosiere, though this number could rise to at least 14 on the assumption that the Dutch and Italian executive directors respond to political dictates from their respective governments.

In the past, it has been customary for managing directors to be selected with the near unanimous backing of the Board and it is considered unusual that at this relatively late stage there should still be so many reservations.

Although it is entirely possible that in the end the developing and smaller independent industrialised countries will swing behind M. de Larosiere—not least because of the lack of an alternative candidate—they would do so reluctantly, which would pose problems for the new Managing Director.

M. de Larosiere's abilities as a skilled monetary technician and his achievements at the French Treasury are recognised

inside the Fund, but some members are known to feel that he lacks the political qualifications to balance all the conflicting pressures that the head of the IMF must handle.

During Dr. Witteveen's tenure, which has been an evolutionary period for the IMF, it is felt that he has demonstrated remarkably acute political antennae, successfully walking the fine line be-

tween the necessary imposition of strict economic disciplines on creditor nations and the political realities with which such measures must often be tempered.

The more active role that the IMF has played under Dr. Witteveen is likely to increase rather than diminish in the years ahead.

The managing director, for example, earlier this month once again lent his significant influence to the proposition that the industrialised nations must become more growth-oriented and that external considerations must not temper U.S. expansion.

Even though this particular argument closely parallels the present views of the Carter Administration, Dr. Witteveen has nonetheless managed to establish the reputation of not being the tool of the U.S. Treasury.

Should the succession remain unresolved by the time of the IMF's interim committee meeting in Mexico City at the end of April, the chances of alternative candidates emerging will clearly grow. But there is little evidence of a consensus growing behind anybody else, bar one exception.

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Mr. Blumenthal is keenly aware of the opposition within Congress to a federal move to bail out New York yet again, almost three years after its first bankruptcy became apparent.

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Canada borrows \$200m. under credit agreement

BY VICTOR MACKIE

OTTAWA, Feb. 28.

THE CANADIAN Government has borrowed \$200m. from Canadian chartered banks under its standby credit arrangement with them, Mr. Jean Chretien, the Finance Minister, announced late last night.

When the Canadian dollar was weakening a week ago Mr. Chretien said the Government intended to draw on this credit line as an interim step before borrowing funds abroad. The credit line, totalling \$US1.5bn., was arranged last October. Under the agreement with the banks, the Government can draw funds at any time, paying a standby fee of 0.375 per cent. annually on the undrawn portion.

Money borrowed under the credit facility carries an annual interest rate of 0.625 of 1 per cent. above the London interbank Offer Rate (Libor) for the first three years and 1 of 1 per cent. over Libor for the next four years.

The Libor for U.S. dollars currently ranges from about 7 per cent. for 30 days to 8 per cent. for one year.

Mr. Chretien did not say what interest rate the Government will pay on the \$200m. borrowing. He said that the \$200m. will be received by the Government

after the end of February and therefore it will not be reflected in the Government's official foreign reserve figure when it is released on Thursday.

Future drawings under the credit facility will be announced along with reserve figures each month, Mr. Chretien said.

● Reuter adds from Ottawa: A Canadian Parliamentary Committee has said that it suspects that part of payments of more than \$17.5m. made in connection with nuclear reactor sales to South Korea and Argentina may have been used for illegal or corrupt purposes.

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Rail track 'neglect' criticised

DANGEROUSLY neglected railway tracks and equipment have been a major cause of derailments such as those last week which killed 20 people in Tennessee and Florida.

Mr. Brock Adams, the U.S. Transport Secretary, has alleged, writes our New York correspondent, Mr. Adams rejected suggestions that the Government take over and repair track.

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WORLD TRADE NEWS

BAC 1-11 stressed in sale appeal by U.K. to Japan

BY DAVID HOUSEGO

A STRONG appeal to Japan to make purchases from British industry, including the BAC 1-11 airliner, was made by Mr. Michael Muecher, Parliamentary Under-Secretary at the Department of Trade, yesterday.

He declared that the measures Japan had taken to reduce its current account surplus were inefficient and that Britain looked for clear signs of a drop in the surplus by the summer. Such purchases would help to restore confidence in Japan's intentions.

In the aerospace industry, he said, Britain also hoped for sales of other aircraft, such as the Conquester, and of Rolls-Royce engines. Other possibilities he pointed to were gas turbines for

naval vessels, medical equipment, enrichment and reprocessing of nuclear fuels, and car components.

Successes on a large scale were necessary if British exports to Japan, which at the moment included no single item sold in volume, were to expand substantially more.

Speaking at a symposium in London on Anglo-Japanese trade organised by the Japan Trade Centre (JETRO) and the Nihon Keizai Shimbun newspaper, Mr. Muecher said that further fiscal and monetary measures would be necessary if Japan were to achieve its target of nearly halving the current account surplus in fiscal 1978 to \$6bn.

Among those he included an appreciation of the yen "in accordance with underlying economic conditions" and a substantial tax cut.

He welcomed the recent reductions in tariffs announced by Japan on whisky, gin, tea and cars but said that Britain was disappointed at the preservation of high tariffs on confectionery and the differential between duties on Scotch and Bourbon.

Mr. Tadao Kato, the Japanese Ambassador in London, said Japan was committed to reducing its surplus as far as possible but that structural changes in Japanese economy and society were involved that would take time to carry through.

Japan to spend \$200m. in U.S.

BY CHARLES SMITH

TOKYO, Feb. 28.

ORDERS WORTH at least \$200m. are expected to be placed by a Japanese import mission due to leave for the U.S. on Thursday as part of a joint programme by the two governments to reduce the U.S.-Japan trade imbalance.

The mission, sponsored by Japan's Ministry of International Trade and Industry (MITI), includes about 50 businessmen and a dozen or so government officials. It will spend 16 days in the U.S., visiting 18 cities and dividing into five specialised product groups.

Yoshio Ikeda, the mission's leader, and president of Mitsui, said that the mission was building up inside the EEC for discriminatory trade measures against Japan. Reuter reports from Tokyo. Andersen, here for talks with Japanese leaders, gave the warning to External Economic Affairs Minister Nobuhiko Ushiba.

will have talks with U.S. Government leaders, probably including President Carter.

The import mission was mooted last July when the U.S. began to show serious signs of concern about trade. It is Japan's ninth of its kind. The first was to the U.S. in 1952. However, the mission to the U.S. will be the first actually to place direct orders. Apparently the U.S. authorities have insisted on that. MITI is being extremely coy about the exact amount of business likely to be done. It is conceded, however, that Japanese

importers will have to do at least as well as an import promotion mission from Taiwan that toured the U.S. in January, and placed orders worth \$200m.

The mission's terms of reference also include: encouraging the import efforts of Japanese trading companies represented in the U.S.; advising U.S. companies on selling to Japan; exchanging views on trade and economic problems with U.S. businessmen and labour leaders; and attending trade seminars to be organised by the Japanese External Trade Organisation (JETRO).

The outstanding feature of the mission is that it contains more than 40 representatives of the Japanese retailing industry, most of whose companies have no direct contacts with U.S. suppliers. Department stores and supermarket chains represented include not only big names from Tokyo such as the president of Mitsukoshi, Japan's foremost department store chain, but also representatives of store chains from north and south Japan. The idea is that retailers are more likely to find suitable goods for import if they visit the country themselves than if they rely on intermediaries.

The mission was organised by the Tokyo end of the U.S.-Japan trade facilitation committee, a body comprising officials of the two governments. It was established last September after U.S. request and has mainly received and investigated complaints from U.S. companies about alleged obstacles to their exports to Japan.

MITI said today that Japan had expected the EEC to ask for a Europe-Japan trade facilitation

committee during the current round of EEC-Japan talks but no such request has been made. Japan says it is willing to set up such a committee for Europe.

MITI's import department says it is also open to requests for further import promotion missions for Western Europe. For budgetary reasons the next mission could not leave until 1979.

EASTERN EUROPE TRADE

Plant snags worry Poles

BY CHRISTOPHER BOBINSKI IN WARSAW

DELAYS AT a big PVC plant being built by a consortium managed by Petrolcar Developments in Wloclawek, 80 miles north of Warsaw, are worrying the Poles, but the presence of one of the largest expatriate British workforces abroad in this small Polish town is causing few problems.

Financing delayed by six months the start of the main part of the work on the 60-acre site last March. That and delays over documentation were considered when a new completion date of April 1979 was agreed.

Now, however, it is generally agreed that that will not be met and estimates on site put the date towards the end of 1979 or later. That worries the Poles, Mr. Stanislaw Adamski, responsible for the project on the Polish side, considers progress on site between last March and now unsatisfactory.

Rising costs also cause concern. When the contract was signed in 1975 the plant was estimated to be worth £130m, but rising prices, changes in specifications by the Poles and a detailed working out of what is in fact needed by the contractors have combined to push that figure up.

The Poles are estimating that the final figure may be half as much again as the original.

Terence North, Petrolcar's site manager, explains that one of the reasons for the rise is that the Poles "have noticeably more stringent safety regulations." He comments: "We couldn't afford the safety features they want."

Polish construction companies are being brought in as subcontractors to Laiting, which is responsible for the main construction and mechanical work as a way of saving money. Poles will complete half the mechanical contract.

Some work is being done by the Poles alone and there are delays there as well. Although that is not holding up the main work, an article in a recent issue of the Polish works paper Alchemik says changes are required in the way the project is treated by the Ministries and companies involved.

Laiting has more than 800 men in town. Of the other main companies, Davy Powergas, which is responsible for installing the vinyl chloride minima plant, Catalytic International — the chlorine plant — and Petrocarbone which is putting up the main pvc plant using the Japanese company Shinetsu's technology, all have about 30 people working in Wloclawek. There are about 70 Poles working for Laiting, but there will be more.

The two workforces are learning about each other's traditional habits and difficulties. The Poles, for example, have trouble getting materials together to do a job, although once started the work gets done well.

Again, materials needed a site manager, explaining that one year or more hence are arriving on-site all the time. Tensions are unavoidable.

The British workforce, which should reach 2,000 this year, is paid U.K. rates but with all the

tax advantages of being abroad, and everyone is entitled to a £1,000 bonus for every full year they work and another bonus at the end of the contract. There is also a local currency living allowance.

All are housed in flats 8 kilometres from the site and everyone is entitled to go home for four days every eight weeks.

The main problem is boredom. Wloclawek, a small provincial town of 100,000 people, is striving to provide entertainment for the English. The Hades nightclub caters for some; an English language Mass on Sundays in Wloclawek cathedral for others; the cinema shows a weekly film in English and a swimming-pool and gymnasium are sometimes available.

Local official Leszek Bardzowski emphasises that Saturday nights and their inevitable consequences are not a problem. The commonest type of offence seems to be in motoring.

When completed, the plant will produce 200,000 tons of pvc a year, 140,000 tons for export; much caustic soda and various solvents. The Poles are alert to pollution and 14 checking stations are being set up around the factory. But just in case, the surrounding population is being moved out and trees are being replaced by more pollution-resistant kinds.

In 1976 Poland produced 125,000 tons of pvc and imported 31,000 tons, 12,000 tons from Czechoslovakia, the rest from the hard-currency countries.

Pentagon approves German deal

WASHINGTON, Feb. 28.

THE UNITED STATES Defence Department plans to buy \$100m. worth of vehicles and related equipment from West Germany, Pentagon officials said here today.

The order will be the first major overseas purchase by U.S. forces and is part of the

effort to make military sales between the U.S. and NATO reciprocal. Pentagon officials said the U.S. Army is authorised to begin seeking bids on the proposed sales from West German companies. Reuter

Aerospatiale may build helicopters in America

PARIS, Feb. 28.

AEROSPATIALE, the French State-owned aviation and space concern, said it envisages building its Astar helicopters in the U.S. to meet growing demand there.

A company official said that U.S. orders for the Astar currently on hand total about 200. Although no decision has been taken at present, he said, such a move would likely involve setting up a joint company with the parent and a locally-based company. Aerospatiale already has a U.S. subsidiary, American Helicopters.

The 5-seat Astar is a version of Aerospatiale's Ecureuil helicopter designed for the U.S. market. It is powered by a Lycoming engine instead of the Ariel engine on domestically-produced versions.

Diana Smith writes from Rio de Janeiro: Brazilian authorities and representatives of Aerospatiale are putting the finishing touches this week on a joint venture destined to assemble 200 Lama and Ecureuil helicopters in Minas Gerais State in the next two years.

General Jacques Mitterrand, local staff.

president of Aerospatiale, confirmed to the Press in Brasilia yesterday that Aerospatiale is taking a 45 per cent share in association with Helibras helicopter manufacturing enterprise composed of the Minas Gerais State Government (45 per cent) and AeroFoto Cruzeiro do Sul (10 per cent).

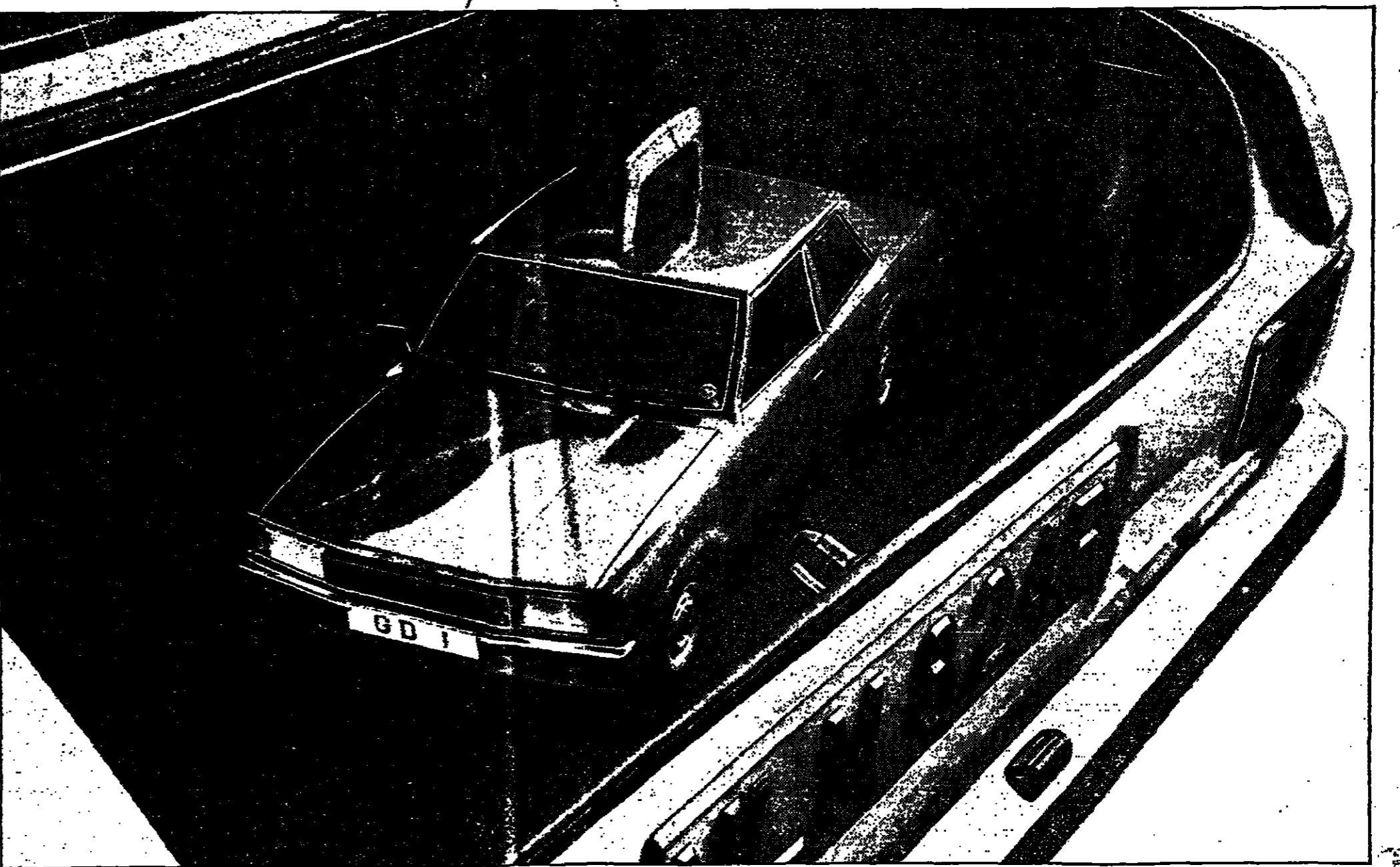
Initial capital investment will be Cr.62m. (£2.1m.) with Aerospatiale contributing approximately 590,000.

The Lama helicopters will be designed mainly for pilot training and for export and the Ecureuil for sale on the domestic market. Currently, Brazil has about 180 helicopters compared with France's 1,700. General Mitterrand estimated that five years from now the Brazilian market could absorb from 500 to 1,000 helicopters.

The general played down the question of Aerospatiale's interest in manufacturing missiles in Brazil.

Under the terms of the joint venture with Helibras, Aerospatiale will not collect royalties for transfer of know-how and will commit itself to training.

THE SPARE CAR.



Shipyards urged to cut

BY MARGARET VAN HATTEN

BRUSSELS, Feb. 28.

VISCOUNT DAVIGNON, the EEC Industry Commissioner, tonight welcomed last month's Japanese decision to cut back shipbuilding capacity, but warned that that would not help Europe unless it was prepared to make similar cuts.

"The Community cannot demand of its partners that they make capacity cutbacks if it is not prepared to do its own part," he told the Anti-Shipbuilding Association.

The Japanese decision "only marks putting capacity on ice, not actually reducing it," he added. "It is no good thinking international co-operation on its own will produce a permanently better distribution of orders. The Community can consolidate its position in the world market only by making itself more competitive."

Viscount Davignon, who last December outlined Community plans for a \$5.5bn. job creation scheme together with a 45 per cent. cutback in shipbuilding capacity over five years, renewed his call for major restructuring to the industry.

"Merely putting surplus capacity on ice is not enough," he said. "For with every upturn in the market that capacity is re-activated and impedes any real improvement in the situation."

Viscount Davignon said that Europe's main rivals, Japan, South Korea and Taiwan, were more competitive in a market where sales over the next five years are unlikely to exceed half the industry's capacity. Europe would have to improve productivity and marketing to offset its higher production costs.

Steel restraint suggested

TOKYO, Feb. 28.

THE Japanese steel industry is ready to discuss with Washington export restraints to the U.S. Mr. Yuzuru Abe, senior vice-president of Nippon Steel

said in a speech released here, to steel distributors in Kuel, Hong Kong, he said. "If a formal request is made by the U.S. Government, the Japanese steel industry will be prepared to discuss a voluntary restraint production system with the trigger price system in appropriate consideration of import shares in the market."

The trigger-price mechanism introduced by the Carter Administration would probably lessen the potential nuisance of a long investigation by customers and possibly avert a protectionist trend in the U.S., he said.

Japanese steel exports to the U.S. last year fell 0.9 per cent to 7.3m. tonnes from a record 7.4m. tonnes in 1976, the Japan Iron and Steel Federation said.

The fall reflected charges in the U.S. that Japan was dumping steel goods on the market, it said. Reuter

Iran Air in deal for 11 Airbus A300s

Airbus Industrie, the French-German makers of the wide-bodied A300 airliner, said on Tuesday it is negotiating with Iran Air for an order for 11 aircraft. APUD reports from Munich.

Dowty sells America £3m. mine equipment

Through its U.S. subsidiary, Dowty Group's mining division has won orders worth nearly £3m. from U.S. mine companies. British mining exporters made more than £87m. last year in overseas sales.

Dutch trade balance worsens

AMSTERDAM, Feb. 28.

FIGURES RELEASED today confirm fears of a serious worsening of Holland's visible foreign trade position. The Dutch trade balance in 1977 showed a deficit of Fl.4.7bn. compared with a surplus of Fl.1.5bn. in 1977, according to provisional figures from the Central Statistical Office.

The balance moved back into deficit for the first time since the Fl.815m. deficit in 1972.

Dutch imports were Fl.111.9bn. in 1977 compared with exports of Fl.107.2bn. In 1976 imports were Fl.101.2bn. compared with exports of Fl.100bn.

December closed with a deficit of Fl.1.09m. compared with a surplus of Fl.54m. in November. That compared favourably with December, 1976, however, when the deficit was Fl.1.4bn.

December imports were Fl.9.4bn. (Fl.11.49bn. in December, 1976) while exports were Fl.9.31bn. (Fl.10.05bn.).

The steady build-up of a stable trade deficit in 1977 has prompted repeated calls from exporters for greater Government aid. The new centre-right Cabinet has promised assistance but details have not yet been released.

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HOME NEWS

Farmers lost £3m. in West Country blizzards

FINANCIAL TIMES REPORTER

FARMERS may have lost over £3m. during the recent West Country blizzards, the National Farmers' Union said yesterday. The estimated losses include the deaths of around 30,000 ewes, costing £1.3m.; 40,000 lambs (£200,000); £500,000 in lost milk production.

Glasshouse growers may have lost up to £250,000 in lost crops, while the damage to farm buildings could amount to another £250,000.

The NFU said yesterday it wanted to avoid giving the impression of crawling to the Government for help.

The losses had been concentrated on a small percentage of the West Country's 23,000 farmers, but these would need as much help as possible, it said on the eve of a two-day visit to the area by Sir Henry Plumb, union president.

Trawler crash public inquiry

THE DEPARTMENT of Trade is to hold a public inquiry in Glasgow into the foundering of the trawler *Rotche* after a collision with another trawler, *Strona II*, which later sank. No date has been fixed.

Leyland safety check on Sherpa vans

FINANCIAL TIMES REPORTER

BRITISH Leyland is recalling 29,000 Sherpa vans for a safety check on rear spring retention plates. Failure can affect steering.

Where necessary, the part will be strengthened. The job takes about one hour and is expected to cost Leyland more than £145,000.

Owners are being contacted through the Driver and Vehicle Licensing Centre at Swansea. Vehicles affected carry chassis numbers up to 40215 for series

Shetland's oil port deal may be agreed

BY RAY PERMAN, SCOTTISH CORRESPONDENT

AN AGREEMENT covering the operation of the port at the Sullom Voe oil terminal, and the amount oil companies will have to pay to use it, is expected to be given final approval tomorrow by the Shetland Islands Council. It will run, at least until the port each year. In addition the council will receive a levy of 1p a tonne of oil passing through the terminal, representing its share of the profits.

The payments will be indexed to retail prices and to the world price of crude oil and mean that Shetland will receive substantial inflation-proofed income. The money will be used

Thames Water Authority to discuss price probe

BY JAMES McDONALD

THE THAMES Water Authority will hold a special meeting in London on Friday to consider the Price Commission's decision to investigate the increased charges proposed by the authority in January.

The authority planned to increase charges by 15 per cent. for householders—£5.50 more a year up to £37.50 for the average London household—and 18 per cent. for commerce and industry.

Friday's meeting will receive a recommendation from the authority's finance sub-committee on what action could be taken. The Price Commission's decision—announced on February 17—means that the higher

charges cannot be implemented during the period of the inquiry, which must be completed by May 23.

The commission, however, is able to allow interim increases and is obliged to do so to the extent to which "safeguard" provisions on minimum profit levels operate.

The water authority has been having intensive talks with the Price Commission over the past week and a half and is hopeful that the commission will approve an interim increase in charges effective from April 1.

This would mean that the commission would be disallowing about 50m. of the authority's proposed charges anticipated in the period of the inquiry.

The water authority has been charged with the task of allowing interim increases and is obliged to do so to the extent to which "safeguard" provisions on minimum profit levels operate.

Production of beer recovers

By Kenneth Gooding

THE brewers started 1978 well with beer production rising 18.4 per cent. to 2.8m. bulk barrels (roughly 806.4m. pints).

However, the apparent improvement represents a return to more normal trading levels.

January is an unusually volatile month in the brewing year and since 1974 production has been falling, by 2.5 per cent. in 1975, by 15.5 per cent. the following year and a further 4.4 per cent. to 2.4m. barrels in 1977.

Distortions

The January total this year was still around 4.5 per cent. below the 3.06m. barrels produced by the industry in 1974.

Another distorting effect this year was the widespread expectation of price increases. This would be bound to lead to some stockpiling. With interest rates at low levels, the cost of building stocks is lower than it has been for many years.

The industrial disputes which hit production in the early part of 1977 also had the effect of causing uncertainty among retailers and gave them even more incentive to keep stocks at a relatively high level.

Engineers' licensing 'not practicable,' says federation

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE Engineering Employers' Federation, in its submission to Sir Monty Finniston's committee of inquiry into the profession, insists there is no case for licensing of professionals and "if there was, it would not be a practicable proposition."

In a written submission which will not be well received by most of the professional institutions, the employers maintain that the membership of one of the institutions puts little added value on a person now that the minimum qualification is a university degree.

On the thorny question of registration of professional engineers, the federation says it could raise the status of the profession. But "it should be simple and the register kept carefully by, for example, the Department of Industry. It is felt strongly that the register should not be kept by the Council of Engineering Institutions or the professional institutions."

The federation maintains that in the Ruhr coalfields would have a take-home pay at least three or four times his own.

But he added: "I am not asking for more money. I am pointing out one of the problems we are facing." Sir Derek, who is also chairman of the British Institute of Management, was outlining a plan the Institute will be putting to the Government.

Sir Derek's cash complaint

SIR DEREK EZRA, chairman of the National Coal Board, claimed yesterday that he would be just as well off as the manager of a West German coalmine. His nearest West German equivalent in the Ruhr coalfields would have a take-home pay at least three or four times his own.

But he added: "I am not asking for more money. I am pointing out one of the problems we are facing." Sir Derek, who is also chairman of the British Institute of Management, was outlining a plan the Institute will be putting to the Government.

The federation admits that its members are split in their views about whether there is a shortage of engineers. "There is a suspicion that some of the short-ages reported arise from poor manpower planning and had there was, it would not be a use of qualified staff."

Call for big increase in child aid

Financial Times Reporter

UNDER THE Labour Government children were getting their worst deal for 30 years, and child benefits should be raised substantially, Mr. Frank Field, director of the Child Poverty Action, said yesterday in a pre-Budget submission.

A generous rise in child benefits would curb increases in the 1.5m. children now living close to the officially-designated poverty line. It would also combat the disincentive to work which poor families now face.

Examining the Government's record since 1974, Mr. Field said the tax burden for families had accelerated far faster than for other groups, with no commensurate changes in benefit.

Child benefit had risen only twice in the last four years, compared with five rises in other important social security benefits.

Badly hit

Families had been badly hit by inflation, so that "overwhelmingly and almost exclusively" they had become the principal victims of falling living standards, since oil prices went up.

Mr. Field also warned of the electoral consequences as families became more aware of discrimination against them. The Government could face an election campaign saying that families were worse off under Labour.

Children Worse Off Under Labour by Frank Field—Poverty Pamphlet 32; Child Poverty Action Group, 1, Macklin St., London, W.C.2, 32p.

Warship builders 'face tougher competition'

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITISH WARSHIP builders would have to struggle to maintain present levels of profitability, Mr. Andrew Shaw, the recently-appointed chief executive of Vosper Thornycroft, warned yesterday.

He said that foreign competition, especially from European shipyards, was becoming tougher. The British specialist yards, and the Government which gave them support, would need to be sharper in future.

Mr. Shaw said there was unlikely to be any early announcement of new orders at Vosper Thornycroft, although the company is known to be seeking business in Kuwait and Argentina.

He also emphasised that there was no question of Vosper joining to co-operate fully with British Shipbuilders. Any impression from the past that the company was against State ownership could now be forgotten, he said.

One organisational matter which Mr. Shaw has sorted out

during his month in office has been the relationship between Vosper Thornycroft and Vosper Ship-repairs, which was made into a separate company when it appeared ship repair would be excluded from the nationalisation legislation.

Under a declaration, approved by British Shipbuilders, Vosper Thornycroft and Vosper Ship-repairs have expressed their determination to work together to foster the historic links between their enterprises.

Although the repair company will report directly to British Shipbuilders, British Shipbuilders has appointed Vosper Ship-repairs, which is based at Southampton, as the corporation's lead yard for warship repairs.

Mr. John Wilde, chairman of the ship repair company, said he expected half the yard's future workload to be naval. Much of this would be for foreign navies, although some would be overhauled work from the Royal Navy dockyards.

No need to import jars, says United Glass chief

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

NO BOTTLES or jars need be imported this year, Mr. Victor Hender, managing director of United Glass, one of Britain's two main glass container manufacturers, said yesterday.

Last year imports of glass containers roughly doubled to 570m. units because customers did not believe British manufacturers could cope with demand.

In the first half year, total sales soared by 14 per cent., but demand then sagged during the second half and was 3 per cent. down. By then, however, many big bottle-users were committed to export contracts.

These were made more attractive by the low cost of imported bottles. Demand in Europe fell so steeply that manufacturers there were willing to supply at

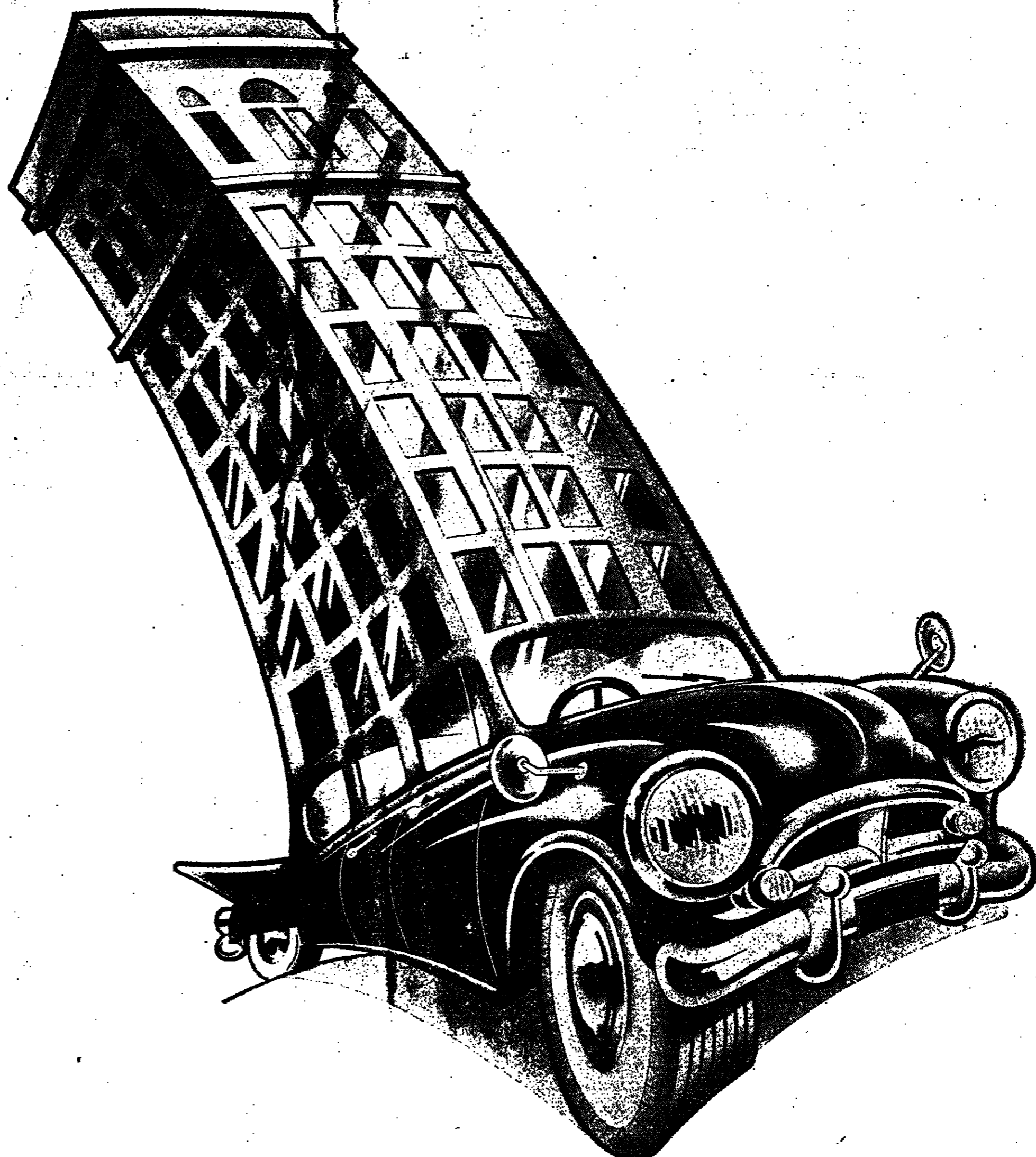
cost to keep plant going.

Even so, about 40 per cent. of Italian production and between 10 and 15 per cent. of French capacity was shut down and there were closures of factories in West Germany and Denmark.

Mr. Hender, whose United Glass company manufactures about one-third of the U.K.-produced glass containers, said yesterday that the fall in British demand had enabled manufacturers to rebuild stocks to reasonable levels.

United Glass is forecasting that 1978 will be a "typical year" and that demand will average out at an increase of between 2.5 and 3 per cent.

United Glass expenditure programme Page 20



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Brick deliveries up

BY OUR BUILDING CORRESPONDENT

BRICK deliveries in Great Britain during January rose to 225m compared with 220m in the month before last. January, 1977, deliveries totalled 220m.

Freight figures collected for the Department of the Environment show that production of bricks in the first month of 1978 reached 394m, against 350m in the previous month and 327m in the same month of 1977.

Stocks at the end of January amounted to 933m, bricks, a rise of 68m, on the month before and just over 300m more than in

January of last year.

The Department estimates that in the three months from November 1977 to the end of January 1978, output by brick manufacturers was 1 per cent. up on the earlier quarter but

2 per cent. down on the same period 12 months before. Department figures show that cement deliveries in the U.K. during January averaged 215,000 tonnes a week, a fall of 2,000 tonnes a week from December 1977 and of 7,000 tonnes a week from January last year.

PARLIAMENT AND POLITICS

Owen still hopeful on Sadat initiative

By Richard Johns

DR. DAVID OWEN, Foreign Secretary, last night expressed cautious optimism that President Sadat's initiative in negotiating directly with Israel to bring about a Middle East peace settlement was "not simply going to run into the sand."

He admitted, however, that while Syria stood aside it was difficult to be hopeful about progress. His speech also omitted any mention of the Palestine Liberation Organisation and its claim, endorsed by the Arab summit of 1974—to represent the Palestinian people.

In the most comprehensive UK statement on the problem yet, Dr. Owen gave no indication of a shift in the Government's policy but emphasised its belief in arrangements for demilitarised zones as an important part of a final peace agreement and interim arrangements over a period of years. But, while recording Britain's record of opposition to Jewish settlement in the Arab occupied territories, he failed to make a fulsome condemnation of them.

At one point, however, the Foreign Secretary introduced a proposal that seems bound to be a hostile Israeli reaction. Discussing the future of the Gaza Strip, he suggested that the problem "could be tackled by reciprocal land exchange, by heathens, or by settlements."

He said: "The Egyptians dislike settlements, seeing them as little pockets of Israel with their own defence forces and they find this difficult to square with the return of the land to their own sovereignty."

The Foreign Secretary, endorsed, in spite of unspecified "qualifications and elaborations," the British Government's view that the proposals put forward by Mr. Menachem Begin, Israeli Premier, last December were "constructive"—in particular, the fact that it was put forward as a plan for five years, that it was not a permanent solution and that it would allow for transition to an eventual solution.

Dr. Owen acknowledged Arab reservations but, noting the progressive deterioration of the situation in the Middle East over the past 30 years asserted: "I am unhesitating in advocating the taking of steps within a transitional process even without having absolute certainty as to its outcome."

On the Palestinians, Dr. Owen went no further than restating the EEC view expressed last summer to the effect that a solution to the problem of their "legitimate" rights, involving an expression of national identity, would have to involve taking into account "the need for a homeland for the Palestinian people."

Britain was reluctant to state its own categorical position on the negotiations, but would try to circumvent this problem for the present, he said.

IN County Down, as elsewhere, people simply cannot agree about Enoch Powell. In this sprawling constituency of more than 90,000 voters, the experts are evenly divided on whether he will survive the coming general election.

For Mr. Powell's majority of 3,567 is the thinnest of all Ulster's Unionist MPs. It is less than a tenth of the winning margin notched up by most of his colleagues.

In spite of strenuous constituency work and undoubted national stature, Mr. Powell has opponents both within and without the Official Unionist party. He has been threatened with expulsion from the Unionists' ranks at Westminster and there have been attempts to prevent his re-election in the constituency.

At first glance, there seems little incentive for Mr. Powell and the Official Unionists to fight the next election together. Yet, when the date is set, that familiar, slightly bowed figure, with the unconvincing level gate, will once again be touring the Orange Halls.

Unfortunately for him, though, he will not be the only Parliamentary candidate in South Down tapping the Protestant Unionist vote. A 55-year-old businessman, with almost 40 years in local politics, is planning to present himself as the "true Loyalist" candidate. He is Mr. Cecil Harvey, who will be running the joint bid of the Paisley-Baird brand of militant Unionist Party and Mr. Ernest Baird's United Ulster Unionist Party.

Mr. Harvey will not win South Down where Unionists are rural moderates and not the sort of industrial working class Protestants who opt for the Paisley-Baird brand of militant Unionism. But he could pick up about 4,000 votes—enough to cost Mr. Powell his seat.

Mr. Powell's second problem is more subtle. It concerns his character as a man of rigid principle and his own logical, but alien, brand of Unionism.

Judge heads inquiry into Crown Agents

BY IVOR OWEN, PARLIAMENTARY STAFF

A HIGH COURT judge will head the three-man Tribunal of Inquiry which is to probe the £236m. losses incurred by the Crown Agents on their "own account" activities in property speculation and secondary banking between 1967 and 1974. Mr. Merlyn Rees, Home Secretary, announced in the Commons last night.

He repudiated suspicions, voiced by Labour backbenchers, that the inquiry would take so long to complete its work that the effect would be little different from a "cover-up" operation, but admitted that its report is unlikely to be published in less than a year.

It may well be that the report of this inquiry will not come to this House, even if this Parliament lasts well into next year," he stated.

With these words, Mr. Rees gave added weight to another suggestion from the backbenchers that a general election could well intervene before the tribunal completes its task.

The Government motion appointing the tribunal, under the Tribunal of Inquiry (Evidence) Act 1921, was approved without a division.

Under the terms of reference, it will investigate "to what extent there were lapses from accepted standards of commercial or professional conduct or of public administration in relation to the operations of the Crown Agents as financiers on their own account in the years 1967-74 described in the report of the Committee of Inquiry on the

Crown Agents."

Mr. Rees recalled that the decision to appoint the tribunal was taken by the Prime Minister after MPs refused last December to accept the Government's earlier proposal that a further inquiry into the own account activities of the Crown Agents should be conducted in private.

He gave an assurance that the safeguards suggested by the Salmon Commission to protect the interests of those who appeared before the tribunal would be applied.

Mr. John Mendelson (Lab., Penistone) who, in December, led the revolt by Labour backbenchers which overturned the proposal for an inquiry conducted in secret, urged the House not to be concerned by suggestions that a public inquiry ruled out the possibility of prosecutions in the courts against those who might be found to have acted wrongly.

He claimed that it had already been decided "in high Government circles" before the December vote that there were not going to be any further prosecutions.

Mr. Mendelson said the tribunal would ensure that anyone who had engaged in wrong practices would be "shown up" and named so that the whole nation would know who was responsible.

The "cover up" suspicions were first expressed by Mr. Arthur Lewis (Lab.) Newham (NW) who envisaged the tribunal taking a considerable period to complete its task. By

the time its report was published, it would be found that no action could be taken. He feared that "top people in top places" would get away with things.

Mr. Michael English (Lab., Nottingham W) stressed the need for the tribunal to examine officials from the Ministry of Overseas Development, the Treasury and the Exchequer and Audit Department. Inquiries he had made suggested that there were no proper accounts relating to transactions involving millions of pounds.

Mr. Dennis Skinner (Lab., Bolsover) described the tribunal as the best inquiry that could be obtained in the circumstances, but he still felt sceptical about the outcome. Those involved in the affair included the "most powerful lobby in the land" which embraced the Treasury, the City of London and the Bank of England.

It is a very formidable institution. I know only too well that when that kind of establishment gets together and decides on a certain course of action the chances of anything emerging are small. It is a little remote."

Mr. Skinner agreed with Mr. Lewis that the proceedings of a tribunal were likely to take so long that the people involved might be "let off."

Mr. George Cunningham (Lab., Isle of Wight) said he had questioned the use of the tribunal of inquiries procedure from the outset because he believed that the ultimate conclusion would be that it was unfair to blame individuals.

The chairman of the Assembly campaign, Mr. Elystan Morgan, a former Labour Minister at the Home Office, put the growth of this impression down to the fact that the anti- Wales "dominated the pitch" over the past year. He is confident that at the end of a campaign stressing that devolution offers a chance of better government for Wales, there will be a solid vote in favour.

The pros admit that money could be a problem, now that the Government has ruled out any direct financial aid. Initially the campaign is appealing for £10,000 and eventually £50,000 towards counteracting what the organisers fear will be a flood of financial backing for the anti- Wales party.

Mr. Callaghan also thought it would be necessary to introduce a Bill in due course. This was taken as reference to legislation which is needed to increase the borrowing powers of the corporation.

Mr. Callaghan replied that if the British Steel Corporation or the Government had adopted a process of closing down plants without consultation, there would be chaos in the industry to-day.

Left winger Mr. Neil Kinnock (Lab., Bedfordshire) told him that although Mrs. Thatcher's idea of "butchering the industry wholesale" was no answer, courageous decisions to close down plants and investment still had to be taken in the steel industry.

The Prime Minister said he hoped that the future side of the British steel industry was going to be debated seriously, or are we to take it that the Opposition are to refuse to discuss the whole thing out irrespective of the consequences?" he asked.

Mr. Callaghan told her that the Government was conducting a very deep review of the situation in conjunction with the corporation.

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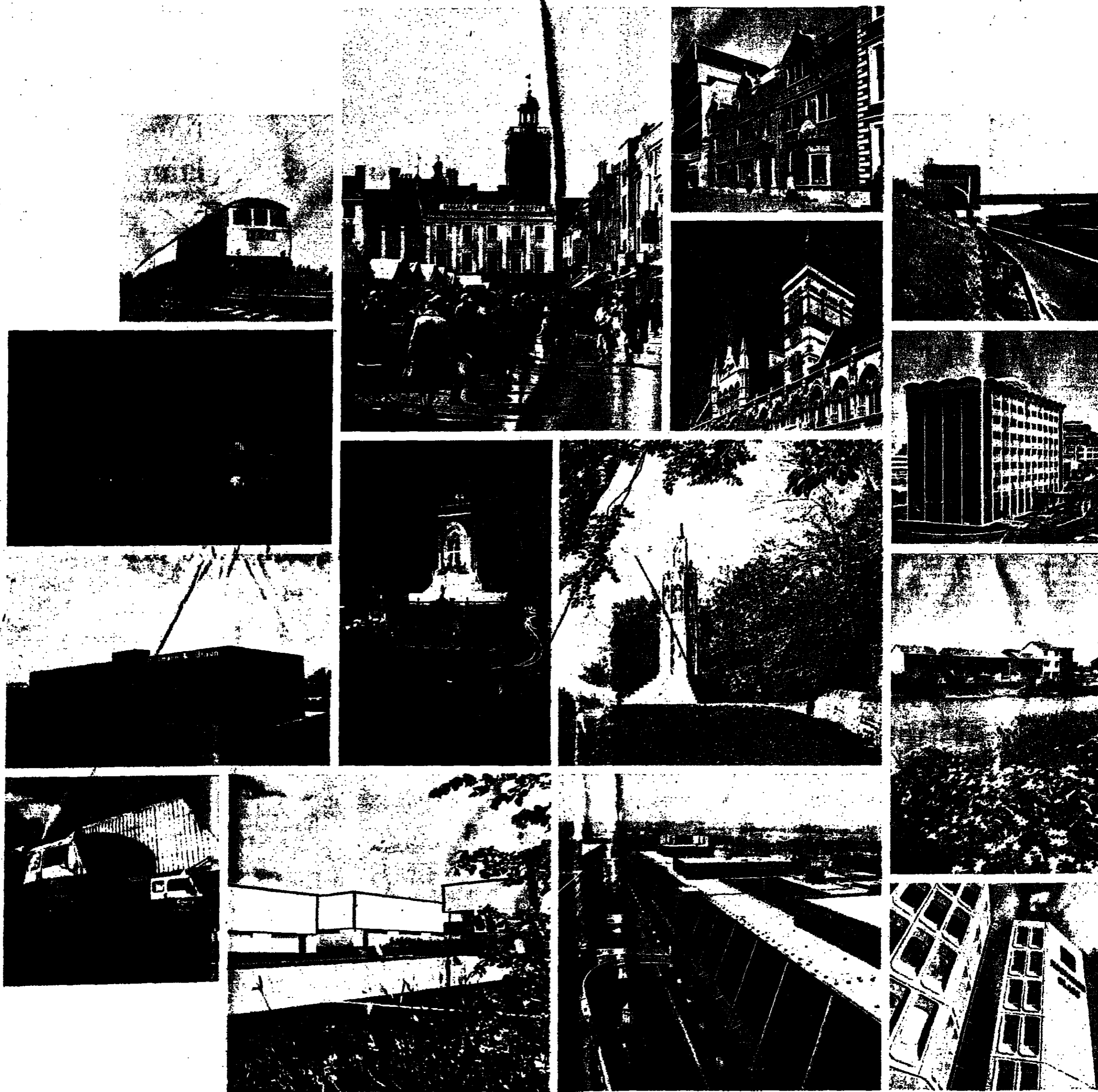
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Northampton a blend of old and new



Northampton, like a human being, has evolved, matured and developed its character with passing years. Succeeding generations have established its importance, traditions, employment, social, recreational and cultural amenities and a strong sense of community. Experience has proved how necessary these qualities of life are. Their absence is a handicap to a settled and full life in new surroundings.

But these qualities take generations to mature. In Northampton we are fortunate. We are able to harness all the advantages of an historic and well established market town of regional importance, with those of a new town — new homes, schools, shops, community facilities, jobs and new opportunities for a total population of 173 000 people by the mid 1980's.

Add to this — Northampton's location, on the M1

motorway, midway between London and Birmingham; the boundless opportunities for industrial and office development; an excellent employment record; a labour relations record that is one of the best in the country; a success rate that in the past seven years has seen 4.6 million square feet of factories and warehouses completed, 1.2 million square feet of offices completed, 10 000 new jobs created, 13 000 new homes built — and it is easy to see why, over 200 firms, including 20 from overseas, have chosen to share in Northampton's history, its growth and its success.

For further details phone 0604 34734 or write to:
L Austin-Crowe, Chief Estate Surveyor,
Northampton Development Corporation
2-3 Market Square, Northampton NN1 2EN

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

COMPUTING

Users given much more power

DEC, whose small machines are legion and whose large machines are considered by the DATAPRO organisation in the U.S. as among the best, so far as user facilities are concerned, is launching a new machine at the big end that operates with as little regard for the environment as do the minis.

Decsystem-2020 costs \$99,000 in its smallest viable format and comes with a series of languages, ability to support many time-sharing users, to run several concurrent batch operations and to handle transaction-oriented processing.

The normally power-hungry sections of the machine and its immediate ancillaries consume only 1.4kW, which is approximately one-tenth of the power absorbed by a mainframe of comparable processing ability. It does not need a special computer room.

Indeed, DEC considers that many who hitherto have bought

its small machines as "compo-legion" for equipment ranging from plant controllers to gas chromatographs, will now begin to think in terms of using the larger machine it is now offering in much the same way, where extra local processing power is required.

This machine represents a move downward from the large computer environment to enable smaller users to enter this arena at an earlier stage. In contrast, the company's VAX 11-780 mini, with its 32-bit word length, represents a long step upwards from the mini, especially for applications where speed is important.

DEC is also launching a new heavyweight, the 2060, with a more advanced processor, solid-state main memory, more disc storage and more communications capability. It starts at just over \$400,000.

Digital Equipment Corporation, Digital House, Kings Road, Reading, Berks. 0734 583555.

Talks to big machines

TAKEOVERS have their own inbuilt problems, particularly in computing. However, ICL is overcoming most of those inherent in its acquisition of Singer. The latest announcement in this line of development is that ICL DataLink has produced software which allows the Singer 1500 mini to talk to ICL big machines, but also to the 2903/4 group, the System 4's and the 900's.

"Mainframe Communicator" is the name given to the package which will allow local 1500 arrays to talk with big machines as above, while carrying on local operations to support a plant or an area. Since distributed processing is now all the rage, the announcement is important, particularly as ICL has been selling 1500's in lots—a recent sale to Australia was for 80 of these machines.

At the same time, the world installed base of 1500's is now over the 8,000 mark and many of these are in the U.S. If ICL wants to make a dent there, its bigger machines have to be able to talk to the inhabitants.

Another announcement of importance to 1500 users is the availability of the commercial language COBOL, with special emphasis on the ease with which the operator can set out his own programs.

Dataskil reaction as to whether or not the new development will make it easier for IBM users to run 1500's takes the line that so much software is available for various types of ICL equipment to operate with IBM mainframes that there should be no problem. Dataskil operates from Reading Bridge House, Reading RG1 8PN. 0734 581258.

Power upon the desktop

FITTING ON the top of a desk, but powerful enough to run a whole complex of warehouses and maintain their stock levels at optimum, is a microcomputer/memory/display system offered in the U.K. by Gamma Associates and developed in the U.S. by General Robotics Corporation.

The equipment is built around a Digital Equipment Corporation LSI/II machine—and Gamma cut its teeth on DEC products—with 64 kilobytes of main store, a Burroughs plasma display, a compact floppy disc and a printer.

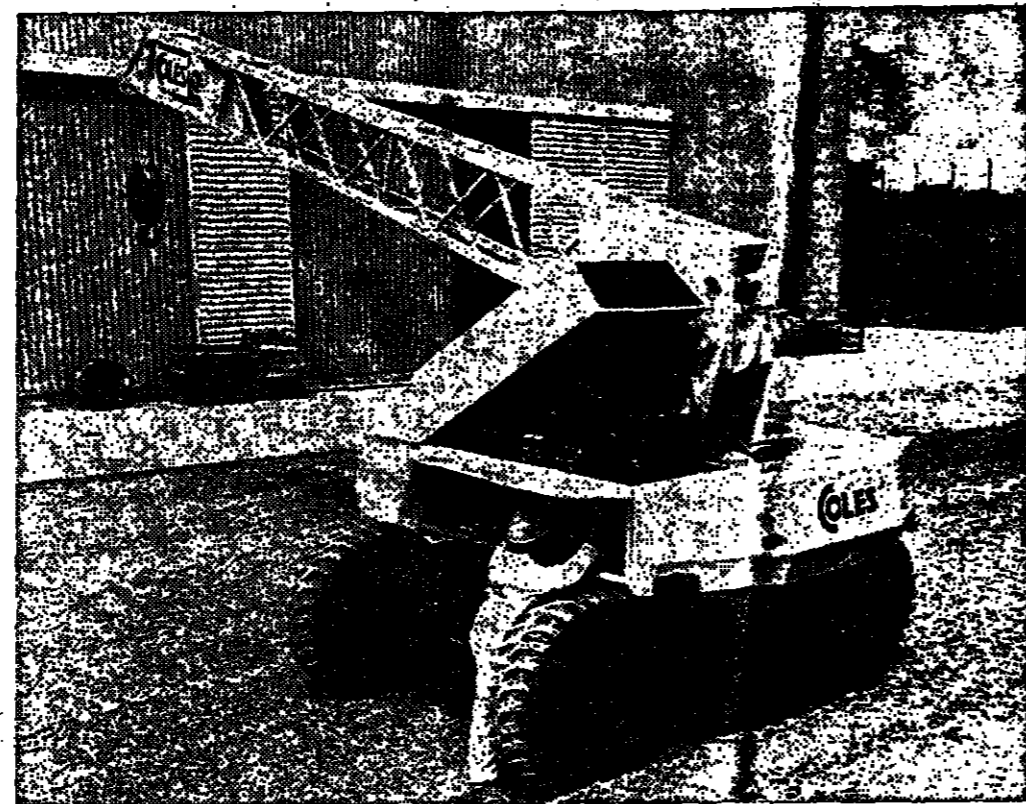
Price with three floppy drives is £7,500 one-off.

Languages include Basic, a Fortran IV compiler and APL, together with a time-sharing executive. This equipment will also run the U.K. National Computing Centre's Filetab language.

Some 400 of these units have been installed in recent months in the U.S. and the first is expected to be delivered in Britain in the near future.

Gamma Associates is on Wokingham (0734) 784641.

HANDLING



Makes light of the load

COLES CRANES, which to date has confined the use of hydraulics to truck-mounted units used basically in the construction industry, has introduced a diesel hydraulic design of mobile crane called the Hydramobile 911, able to lift up to nine tonnes.

Prime mover is a Ford 2711E four-cylinder water-cooled unit developing 71 bhp at 2,500 rpm; this drives three hydraulic pumps directly (total output 350 litres/min.) which service the various movements and motions.

The derricking system uses a double acting hydraulic ram, while slewing and hoisting utilise gear type hydraulic motors.

The two section boom has long lever control for hoisting, telescoping, derricking and slewing, with independent or simultaneous operation of crane

motions. A useful facility is that if the crane is slewed beyond 90 degrees to left or right, road wheel steering is transferred from front to back to maintain a normal steering "feel".

The power unit, of low profile to prevent obstruction of the driver's view is self contained and mounted on a fabricated bedplate. Easily removable, it contains engine, radiator, air cooler, air cleaner, exhaust system, hydraulic pumps and 12 volt starting equipment.

Optional equipment for the crane includes a manual telescope boom, fixed length cantilever jib, swan-necked jibs to suit job requirements, safe load indicators, several lifting attachments and an exhaust purifier. It is even possible to have the driver's cab air conditioned.

Further, the crane can telescope its boom at 9.5 metres/min. (31 feet/min.) and on the road can travel at 12.5 kph (7.8 mph).

Driver's cab has individual control for hoisting, telescoping, derricking and slewing, with independent or simultaneous operation of crane

COMMUNICATIONS

Pager aims for high reliability

TELE-COURIER system 800 receivers to be totally interchangeable so that it is not necessary to have a different receiver for every user, only a different code module. If something should go wrong with one receiver it is simple to snap out the code module and plug it into any other working unit—there is not the inconvenience of waiting for receivers to be repaired or recoded.

Digital coding works much like a combination lock; it takes the right number of pulses in the right order to set off a particular pocket receiver. The most important advantage of this method is the elimination of false calls.

The coding circuitry is contained in a separate code module which easily detaches from the pocket receiver itself. This module is quite simply coded and once coded, almost impossible to damage. This enables all the

vibrations. The standard receiver, in addition to the audio bleep, has a built-in light emitting diode that illuminates to indicate a call and remains lit for up to five seconds after a call is received.

The digital read out receiver has on its face a small button and a window containing an illuminated numerical display. When paged, the user of the receiver presses the button to display a single digit from 0-9 in the read out window. These numbers will have a pre-arranged code meaning. For example: 3 might mean "Call Security" and so forth. The last digital message is automatically stored until the user chooses to recall it by pressing the button.

Tele-Nova, 111, Endwell Road, Brockley, S.E.4. 01-692 9816.

HEATING

Comfort with economy

AN ELECTRONIC programmer returned to by switching back to for central heating and domestic automatic control. The programmer has two indicator lamps, one for hot water and one for central heating, to indicate heating systems and—when combined with room and cylinder thermostats—provides new standards of control for both comfort levels and fuel economy.

The programmer divides the 24 hour day into 12 different time periods. Individual switches for each of the 12 periods of the day can be moved independently to any of three positions—hot water, central heating and hot water, or off.

In addition, two over-ride switches allow either the central heating or hot water or both to be switched continuously on or off without disturbing the pre-set programme which can be

reverted to by switching back to automatic control. The programmer has two indicator lamps, one for hot water and one for central heating, to indicate heating systems and—when combined with room and cylinder thermostats—provides new standards of control for both comfort levels and fuel economy.

Another feature of the system is its electronic digital clock which can be used as a normal domestic clock, as well as providing the timing basis for the setting of an automatic programme. Installation and operation of the programmer are both easy and simple—it can be linked with existing controls operating any type of domestic heating system incorporating a gas, oil or solid fuel automatic boiler.

Satchwell Sunvic, Watling Street, Motherwell ML1 3SA. programme which can be Motherwell 66277.

COMPONENTS

For motor protection

UNITS based on positive temperature coefficient thermistors, designed for electric motor protection have been put on the market in this country by Siemens.

Designated 3UN, these units will protect the windings against undue temperature rise due to overload or overcurrent; they can also be used in transformers and for monitoring the temperature rise in bearings.

The sensors, normally used in a one per phase arrangement that fails safe (the motor stops) if a connection is broken, are con-

nected to a tripping module containing a bistable solid state amplifier and an output relay. Sensors are available with trip values from 60 to 130 deg C for stalled motor current densities in the stator of up to 70 amps/sq. mm.

Versions of the unit are offered with an LED trip indicator, manual re-set and a test button, and also for the protection of up to six machines at once. Normally however, re-set is automatic, occurring when motor and sensor cool down. More on Sunbury-on-Thames SS691.

METALWORKING

Hardened by laser beams

FURTHER DEVELOPMENTS with the 5 kW carbon dioxide continuous laser in the High Energy Density Laboratory of the Welding Institute have enabled the beam to be used for surface hardening applications.

The speed of the beam is up to 4 metres/minute, with a track width of 10mm. Depth of hardening is up to 1.5mm in steel. The degree of hardening will, of course, vary with the composition of the metal and the application, but a typical bearing surface requiring a hardness of 500 Vickers can be treated in two seconds.

There is no significant distortion—a typical advantage of high temperature work with lasers—and a light surface dressing is all that is required to finish the bearing.

It is expected that commercial versions of laser beam surface hardening equipment will be in direct competition with induction and flame hardening processes, which have much longer cycle times.

Application studies are continuing at the Institute, and manufacturing licences are under discussion.

Work is in progress in this laboratory on the commissioning of a 60 kW electron beam welding machine on which the workpieces are welded without the need for a vacuum chamber. At present the maximum satisfac-

tory weld thickness is about 35 mm in steel, but it is expected that this figure can be doubled.

Details of high energy density work from the Welding Institute, Abington Hall, Cambridge CB1 6AL (0223 381182).

IMI
IMI means more than metal
Specialised Metal Industries Limited
Specialists in: Heat exchangers, Shell vessels, General engineering, Ship fasteners, Pulp fasteners, Refractory and wrought metals

PROCESSING

Joining of plastics pipe

EQUIPMENT for fast and reliable butt fusion joining of large bore plastics pipes, such as those used in sea mains, has been developed by Harey Engineering, using Maxam double acting air cylinders to provide the required fusion pressure of about 2.3 bar.

British Gas has accepted both the method and the equipment for the laying of pipe from 63 to 180 mm outside diameter.

Harey developed its machine to operate in arduous conditions outdoors, relying on the general availability of spares for the cylinders.

This unit grips the ends of two lengths of pipe which have to be joined, faces them using an integral cutter and heats them in a preset time and temperature cycle.

The ends are then forced together by the air cylinders and held till the joint has fused. More from Compair Maxam, Camborne, Cornwall. 0209 712750.

GENERATORS
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A FINANCIAL TIMES SURVEY

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THURSDAY MARCH 2 1978

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FINANCIAL TIMES
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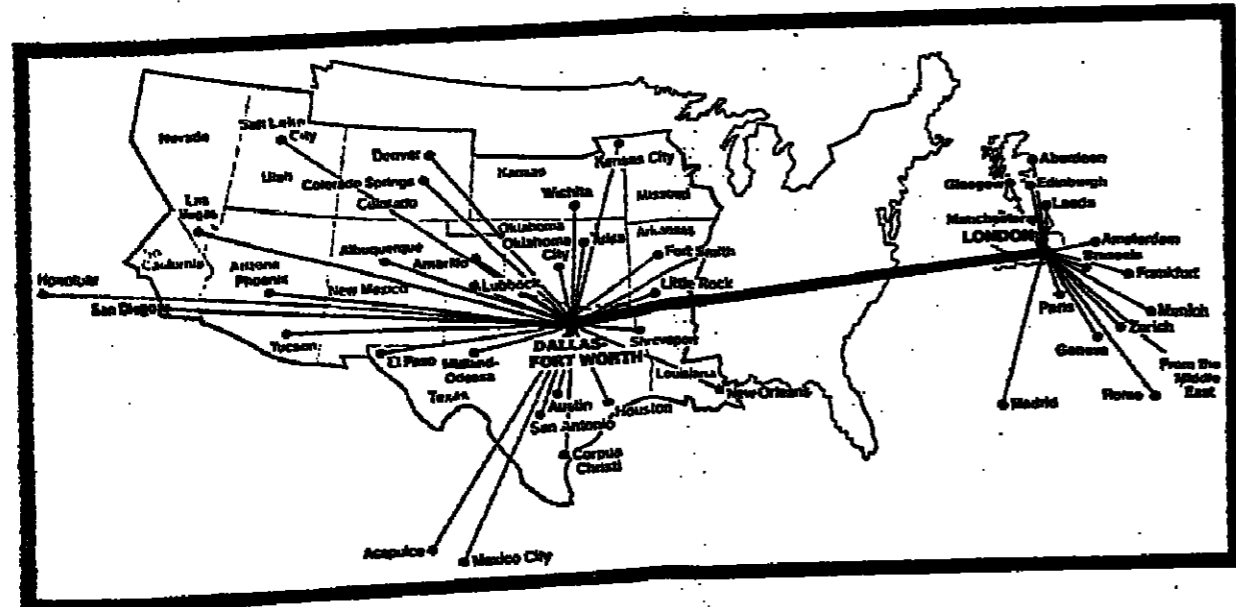
February 27, 1978

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Balloon by CLEMENT CRISP

agreeably patterned, but overlong. *Balloon* may have a theme, if so it escaped me entirely. I saw the piece as a plotless set of dances, and I salute Jean Claude Giorgini's intensity in a solo which redeemed the latter part of the work from tedium for me.

A high-contrast, black and white photograph of a group of dancers in a dark setting, performing a synchronized dance with their arms raised. The dancers are silhouetted against a bright, reflective floor, creating a dramatic and energetic scene. The image is framed by a thick black border.

A scene from 'Hopop'

BBC Singers

by RONALD CRICHTON

wins through euphony, through the adroit use of four solo voices within the texture, and through the accustomed skill in spinning long lines.

Poulenc's short, aphoristic but tender Eluard settings are packed with his melodic and harmonic gifts, narrow range yet constantly fresh and telling in effect. Another year, perhaps, the *Singers* will explore Milhaud's choral music. The stronger members of *Les Six* have everything to gain by being examined separately, without the baggage of short-term investment if ever there was one) that the age of Cocteau stuck on them.

The same gift for illuminating contrast was shown by the choice of the two first works in this programme, Ligeti's almost immobile *Lux aeterna* and Smalley's *Missä brevis*, which except in the serene Benedictus for two sopranos is full of violent, wrenching movement. It came up invigoratingly as a whole, though the plonking, detached syllables of the Agnus suddenly sounded dated. Twelve is a dangerous age.



Edward Hardwicke, Frank Grimes and Veronica Duffy in 'Life at Stake' (BBC 1)

Royal Academy of Music

does not quite work. The *Shepherds of the Delectable Mountains* also received its first performance (at the Royal College of Music) in 1922; otherwise it is light years distant from *Ididdo* in spirit and conception. Whether presented on its own or as part of a larger work, the *Shepherds* episode is, despite the quality of its music, totally unattractive, and though Stephan Hohenberg, as the *Pilgrim* tries to give tension to the vocal line, he is defeated. Keith Hoare, as the second Shepherd, sings with a smooth, self-assured assurance, but the intensity Sir Anthony Lewis takes over the conductor's direction and directs a vital but by no means hurried account of Hohenberg's evergreen *Dido and Aeneas*. On stage too, Mr. Taylor has a simple, effective style for his production that catches the imagination. The *Ididdo* makes a assured, opulent, lovely music. The phrase "When I am laid in earth" with real grandeur. Marilyn Bennett is a splendidly beautiful Sorcerer, while Hilary Aynolds sings sweetly as Aeneas. The music is as good as the lyrics, but Christopher Taylor will bring him to life at the least of his farewell to *Dido*. The

chorus of courtiers, witches and sailors sings and dances energetically. What a wonderful piece is.

ELIZABETH FORBES

Young Vic Studio

The Moving Picture Mime Show is a much-awaited trio of Lecor graduates whose style, though undeniably funny, is superficially very rapidly becoming a victim of incosequential ambiguity. Their version of *The Screen* (1954) is a clever re-bash of 1953 Kurosawa film with deft touches of Western influences; Fred Zinnemann is remembered in the plaintive whistling of the *Yellow Noon* theme as bandits launch a furious attack on a

from the trio themselves. But that, finally, is the point of it all? It is all, it seems to me, so much theatrical meringue — strictly for the birds — and, perhaps, the aficionados. After some interval, we have three deftly performed, unrelated "Mask Pieces" in which the company display an efficient line in cartoon satire. In "Games," a morose yo-yo player resembling Snoopy is urged to participate in a desperate fight against a dominant cock and a Russian roulette, all of which he wins with minimal effort.

MICHAEL COVENEY

ENTERTAINMENT GUIDE

[illegible]

No absolute rule

IN HIS recent Mait Lecture on the conduct of monetary policy, the Governor of the Bank of England referred to the National Institute as belonging to the school of those who doubt whether monetary policy can be of much help in controlling inflation. In its latest Review, therefore, the Institute discusses this point at some length. The tone of its discussion is so much more polemical than that of the Governor's lecture that there may seem to be a much greater divergence of views between them than is in fact the case.

The Governor was at pains to emphasise that the Bank had not adopted a wholehearted monetarist philosophy. He referred to the shortcomings of the various monetary measures available. He disavowed any claim that there is always a direct and simple relation of cause and effect between the money supply and the level of prices. He specifically denied that monetary policy could or should be left to fight inflation alone. The National Institute, for its part, is willing to concede that there is such a thing as an excessive rate of monetary expansion and that stability is to be preferred to instability. The real difference comes down to the practical role of monetary targets.

Voluntary curbs by Japan

MR. EDMUND DELL, the Trade Secretary, expects the Japanese Government to take action in the near future to control car exports to Britain. If this forecast proves to be correct, it presumably reflects Japan's awareness that, without restraint on their part, formal import controls might be imposed. As a means of avoiding protectionism, voluntary restraint is the lesser of two evils. Whether it will do much to help the British car makers is another question.

Deficit
It should be clear from the start that the very fact that calls for controls or restraints are made reflects the weakness of the British motor industry. The British do not buy Japanese cars because they are forced upon them, nor even nowadays because they are particularly cheap. They buy them because they prefer them to British models and because they are readily available. In times of boom British producers have been unable fully to meet demand and have therefore further diverted consumers elsewhere.

This diversion is not always to Japan. It is car imports in general that have been rising rather than Japanese imports alone. And indeed even if Japanese imports were stopped at their present level, there would be no guarantee that this trend would cease. British consumers might respond, as the Japanese suggest, simply by turning even more to the car-makers of Continental Europe. The figures for last year are revealing in this respect. Britain's imports of passenger cars from Japan were worth just under £250m, since her car exports to Japan are negligible, there was a deficit of around £240m. Yet the British deficit with the rest of the European Community was more than three times as large at £750m. On a total trade of £1.2bn. Again that is a reflection of the weakness of the British motor industry, but it is a weakness which is unlikely to be remedied merely by placing restrictions on the Japanese.

Two points emerge. The first

is that it is up to the British industry to improve its own performance. Formal import controls, such as have been suggested by British Leyland, would look very much like the thin end of the wedge, setting a precedent for the protection of any British industrial sector that was in difficulties. Moreover, there could be no assurance that they would produce the desired effect. It is difficult, for example, to see how keeping out Japanese imports could conceivably help to raise British exports to (say) the European Community.

The second point, however, is that the pressure for import controls is now so strong that the Japanese would be wise to take heed by again agreeing to some form of voluntary restraint. Apart from agreeing for a period to limit their share of the British market, there is one other area concerning the motor industry in which they could help, and that is components. There are British manufacturers of components whose international record competes with the best. Some progress has been made in selling to the Japanese car-makers, but it still only amounts to supplying a small percentage of Japanese demand. If the Japanese wish to show their good will, then here is an excellent area on which to concentrate.

Balance
There is scope for selling more specialist cars to Japan, but any hope of achieving a balanced trade in this sector must be recognised as a pipe-dream. The Japanese market is already more than adequately supplied and serviced by its own producers: if it faces a threat, it is more likely to come from Korea than Britain. The British effort to achieve a trade balance with Japan will have to be made in other, more specialised fields. The sooner this is recognised the sooner some of the emotional force will go out of the argument about cars. Meanwhile, Japanese restraint is unfortunately the order of the day.

OUR television sets will shortly start becoming interactive. That is a word we had better get used to, because the social consequences are likely to be very far reaching.

Viewers will be able to ask questions of their interactive sets, receive answers, and eventually hold quite extensive conversations by means of a typewriter-style keyboard.

To perform this feat, the conventional set will be modified so that it can be linked through the ordinary telephone network to a series of large Post Office computers. The system, called Viewdata, is to start up on a limited basis in June. It has generated so much interest that the Post Office announced yesterday a full public service is to be offered a year ahead of schedule in early 1979.

The system, invented in Britain, enables the domestic television set to display printed text and simple graphics just as if it were a computer terminal. The original idea was to create a large computerised store of information including encyclopaedias, financial information, timetables and reference material which viewers could call up on to their screens whenever they wished.

But it is now being realised that the possibilities are very much wider than just the provision of an electronic information store, because the computer will be able to receive information from subscribers as well as supply it.

The extraordinary implications of being able to use the television set for two-way communication are still not widely understood. Advertisers, for example, would be able to elicit a direct response from potential customers. By pressing a single button, the viewer could instruct the computer to forward his name and address to the advertiser so that further details can be sent. Viewers could also make purchases in direct response to an advertisement merely by punching in their credit card number. In time, much more sophisticated communication is likely to be developed.

Reference, or possibly even elections, could be conducted by television, in theory at least. The system could replace large parts of the classified advertising which now help to support newspapers. National and regional registers of cars, houses and other goods for sale could be compiled. Viewers could arrange for advertisements to be included almost instantaneously and deleted immediately the item was sold. Asking prices in advertisements could be lowered by a few strokes at a keyboard.

A full national network suitable for such applications is still some years away — but near enough to cause shivers

of alarm amongst house agents, travel agents, car dealers and publishers of all types. The question whether Viewdata will supplement or merely replace the printed word and agencies is a fruitful field for speculation.

Another fascinating possibility is that small businesses, clubs, societies and even householders, might rent part of the Post Office's computer network for their own private use, to store information and, where necessary, make calculations. In the longer term it is likely that the domestic television will be made "intelligent" by the addition of a computer etched microscopically on to a slice of silicon the size of a postage stamp.

By this time, plug-in devices like tape recorders and printers could be used in conjunction with the Viewdata system. The television set would then be converted into a quite powerful computer terminal for games, home instruction, business use or such applications as income tax calculations, or mortgage repayments. The programming and basic data for all these uses would be provided down the telephone line from the Viewdata computer memories.

These possibilities are likely to be extended by the adoption of the Post Office's Viewdata system throughout Europe. The German Post Office has already agreed to buy the system for an undisclosed sum, while Holland and Australia are thought to be close to agreement. France, which is developing a different system, is now looking at ways to make it compatible with a European network.

Mr. Peter Benton, head of Post Office Telecommunications, says he hopes Viewdata will be a substantial earner of foreign currency. Some of the revenue will come from patents, but most will come from the sale of software (computer programs) and expertise.

INSAC, the Government's software marketing company, is understood to be looking at the possibility of setting up a viewdata service in the U.S. in conjunction with the Post Office. The designs needed by set-makers are, however, freely available. Even so, Mr. Benton thinks it will be several years before foreign companies can compete with British manufacturers.

The speed with which all these possibilities are being exploited depend very much on the marketing drive and co-operation between three groups, the Post Office, the television set manufacturers and the providers of information. A great deal will depend on whether prices for modified sets or adaptors and the charges for information can be pitched at the right levels.

When the market trials start on June 1, a rather limited range of 110,000 pages of information has been set. The Post Office will act only as a common cir-

cular responsible for the system, but not, in general, for the information provided.

So far, 100 organisations have signed contracts with the Post Office to provide information for Viewdata. The information providers will pay an annual fee of £250 plus £1 for each frame of 250 characters (about two paragraphs) stored in the computer for a year.

The information providers range from companies and national agencies to consumer advice or public service groups. Some of the information will be free to any subscriber who

The viewer selects the page he requires by pressing numerical keys on a remote control unit which looks like a pocket calculator. Keyboards with the letters of the alphabet will be available for those wishing to send messages to the computer, or via the computer, to other subscribers.

Viewdata receivers will also be able to display pages of text transmitted by the BBC and the independent network on the ordinary channel frequencies. Those services, called Ceefax and Oracle, are free of charge

to hustle ahead. As a result, the Post Office is committed to spending more than £23m, over the next 12 months and to establishing a large new computer in London. This extra investment will allow about 500,000 pages to be stored, with an eventual capacity running to millions of pages. Total investment up to 1985 could be £100m, but the service is expected to be profitable.

The quickened pace of development stems, in part at least, from a realisation that British companies must be

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Dr. Alex Reid, head of Viewdata.

wishes to use it. Other information, particularly financial data used by businesses, will be charged at varying rates up to 50p a page.

To use the service, a subscriber must buy or rent an adapted set. At present the price of an adapted colour set is high, about £700, but this is likely to fall to around £50 to £100 on top of the price for a conventional receiver. Black and white sets for business use will start selling at around £200 to £400. Rental companies estimate they will need to charge an extra £6 a month on top of the present £12 a month for a 26-inch set in a few years' time. In the mid-1980s the extra cost of a Viewdata set could be as little as £20.

These sets will be connected directly to the telephone line as if they were extension receivers. Connection to the Viewdata computer will be made by pressing a single button. Subscribers will then pay local charges while they are using the service and a flat rate of 1p per page, plus any charge levied by the information provider.

but much more limited than Viewdata. They are limited to a few hundred pages each and cannot be made interactive. The broadcast systems, generically called teletext, will therefore be limited to, for example, news headlines, whereas Viewdata could store entire newspapers and answer queries about them. Because teletext systems transmit all their stored pages in sequence, viewers may have to wait 10 to 25 seconds for the page they want to "capture" on their screen. Only the Viewdata system sends the desired page down the telephone line, and the response time can be much shorter—less than two seconds per page.

When the marketing trials begin, 1,500 subscribers will be chosen to try to evaluate which parts of the service will be of most interest, and how great the traffic will be. Originally, it was expected that these trials would last two years before a final decision on a full public service was reached.

The new head of Viewdata, Dr. Alex Reid, appears anxious

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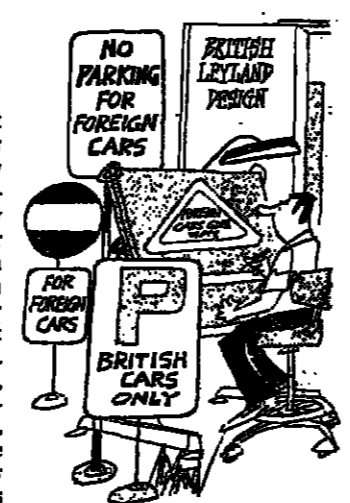
The new head of Viewdata, Dr. Alex Reid, appears anxious

MEN AND MATTERS

Quite a blight of Frosts

What is in a name? A great deal of embarrassment for New York's struggling new daily newspaper, the Trib. It carried on Monday a splashy story asserting that TV superstar David Frost was at Nixon's San Clemente home helping him revise his memoirs to answer the Watergate allegations just published by Bob Haldeman. The co-authors of the story, Leonard Saffir, the Trib's publisher, and Lammy Johnstone, a senior editor, basked in the glory of the scoop for a few hours. Then Rupert Murdoch's New York Post appeared on the street to inform a bemused New York that yes, David Frost has been working on the proofs of Nixon's book, but this David Frost is a copy editor employed by the New York publishing house, Grosset and Dunlap.

Enjoying the discomfort of their rival upstarts, the New York Times revealed yesterday morning that the 41-year-old bespectacled David Frost was—like his renowned namesake—a bachelor, but without his taste for the bright lights. He had been working in California for some months, copy-editing the proofs of Nixon's book. Deciding that like Nixon, they must "tough it out," Saffir and Johnstone acknowledged yesterday that Grosset and Dunlap may have a David Frost working on the ex-President's book, but they stressed that a "respected" Washington Post correspondent had reported that a "well-informed" source had seen the Frost in San Clemente. Somewhat desperately, the Trib asked: "Why would Grosset and Dunlap send a copy editor to San Clemente to work on a big book like Nixon's?" Perhaps the New York Times has the answer. It points out that the quieter Frost is highly esteemed



for his correction of grammatical mistakes and checking of facts.

A bit hackneyed

Those Black Beauties, London cabs, are under threat—from an animal which has still to be seen, the Eurocab. Inevitably, Brussels regulations on taxis do exist and one fine but unknown day are to be introduced here. They will supersede the existing Public Carriage Office regulations: it is a development to which London cabbies look forward. It was only in the 1960s that taxis were freed from the legal obligation to carry a bale of hay on their roofs.

Cabbies still feel they are subjected to extreme pressure from the Home Secretary, a few now plan to sue him for abusing his powers ever since 1907. The latest issue of the trade magazine, Taxi, even argues that the taximeter may be illegal since no Act of Parliament says a cab shall be fitted with a meter. The Eurocab rules already

have manufacturers angling for what could be a major market. British Leyland and Carbodies Ltd., who make the present Austin FX4, hope the FX5 will win out. "Low and clean cut," according to David Arnold, editor of Taxi, it is a mixture of the classic taxi and a comfortable car. But the British are running behind their way of thinking behind their competitors.

At a New York exhibition two years ago, Renault, Alfa Romeo and Volvo had new cabs on the exhibition stand, but the British could only send their FX4, the old workhorse basically designed 25 years ago. Volvo have a city taxi in production, while one London taxi firm is about to bring in a Mercedes for radio hire to test passenger reactions. But the FX5 still only exists as a full-scale mock-up. Carbodies need £4m to retool—and producing only 60 vehicles per week would be hardpressed to supply the whole Euromarket. For the moment, London drivers are busy arguing about whether doors on the Eurocab should open forwards to prevent fares skiving, should slide (which might trap the driver in) or be controlled by the driver. The last idea, the most radical, comes from Japan—of course.

Helmut's Eurocrat

Chancellor Helmut Schmidt is renowned for his seething view of the European Commission in Brussels; he calls it an "indefatigable bureaucracy." But that has not stopped him appointing as his new economic adviser Dr. Horst Schulmann, who until last year was one of the leading "Eurocrats."

leaving the German Chancellery job after nearly four years, former Brussels acquaintances said simply "Schulmann will get it."

The reasons are plain. He has broad international experience, including five years at the World Bank in Washington. He has a knack of analysing a complex situation and analysing it in a way which should endear him to his new boss—bluntly and briefly.

Celtic coolness

Even if you do not support Plaid Cymru, a show of enthusiasm for the Welsh language is highly desirable in the principality these days. Yet the 50,000 businesses based in Wales have not heeded the message—only eight have so far taken advantage of the special provisions in the 1978 Companies Act allowing them to register the description "Cymydegiad" rather than "Limited" and to submit statutory documents in Welsh.

Seven of the eight are in mid or north Wales, the bastions of Celtic nationalism. Closing date for Cymric registration is April 18, after which the firms who have not exercised the option must stick to English for ever. The only exception is for companies which have not been established for a year on that day—but with only eight patriots so far on the books there will be no need for the Registrar of Companies to lay on extra Welsh-speaking staff to cope with a rush.

FACTS you will wish to consider when making a will

- ★Over 300,000 of Britain's old people are in genuine need because of acute loneliness, bad housing or disability. The number is growing as the proportion of elderly people increases.
- ★An official report records the sad fact that many old people are "buddled in icy rooms, wrapped in rugs, unable to afford proper heating." It is medically estimated that up to 20,000 are at risk in winter from "hypothermia" (fall in "inner" body temperature).
- ★The tragic need of old people is increasing.
- ★Voluntary service is increasingly needed to bring personal care to old people, and to meet widening gaps left by state organisations.
- ★Old people overseas also struggle against terrible hunger and lack of medical help.
- ★How Help the Aged get things done for those in the greatest need
- ★It mobilises experienced volunteer effort, and so achieves maximum results from every £ entrusted to it.
- ★It has pioneered flats for old people; and now Day Centres for the lonely. Work Centres to provide light employment, and Day Hospitals for those who need regular treatment but not full-time hospital. The charity is also active in funding, volunteer transport for the housebound, extra medical research, and much more.
- ★In places stricken by earthquakes, floods and famine, and hunger. Help the Aged is well known for its swift practical aid.
- ★The charity's work has been endorsed by many eminent people, including Lord Shawcross, General Sir Brian Horrocks, and Dame Vera Lynn.
- ★Its President is the Rt. Hon. Lord Gardner; Hon. Treasurer, the Rt. Hon. Lord Maybray-King.
- ★Write or telephone for interesting and informative booklets and the annual report and accounts to: The Hon. Treasurer, Lord Maybray-King, Help the Aged, Room F73L, 32 Dover Street, London W1A 2AP (Telephone: 01-489 0972).
- ★Perpetuate a loved name and help work for old people
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Observer

Fishing in muddied waters

By PHILIP RAWSTORNE in Ilford

MRS. T's Fish-In. The Ilford North fish and chip shop sign hangs down: why comment on to-morrow's by-election in which the Tory leader's immigration line trails its vote-catching lure.

A month ago, the day after Mrs. Margaret Thatcher's television interview, a visitor to Ilford found all the major parties there agreed that immigration would not be an issue in the campaign. The National Front was a shadowy presence. It had made little impression in last year's GLC elections, and there seemed no reason why it should fare any better in a constituency with only 3,000 Asian immigrants, but a large established Jewish population. Community relations were good; voluntary welfare and social organisations flourished.

An opinion poll last week showed that 75 per cent of Ilford's electors still believed that the area had no problems that could be associated with coloured immigrants. Yet the pollsters reported that immigration now ranked second in public concern to the cost of living in the constituency; and the campaign headlines in Ilford reflected the fact that it had become the most emotive issue of the hustings.

Mrs. Thatcher has complained that the issue was first raised by the news media and that she merely responded honestly to public anxiety. But Sir Keith Joseph, the Tory policy overlord, went to Ilford to tell fellow Jews "who are just like everyone else as the saying goes, sorry more so," that they had good reason for supporting her stand on immigration. Jewish immigrants had been refugees from persecution, he said. "They asked for nothing except the chance to make their own way."

Many Commonwealth immigrants, he added, had, of course,

sought no more. But though he hoped Britain would remain a sanctuary for refugees, Sir Keith asserted that it was not "a country of immigration."

The Prime Minister, in his message to the Labour candidate, accused the Tories of preaching a doctrine that would result in conflict and confrontation. Mr. Marilyn Rees, the Home Secretary, charged them with "making racial hatred respectable."

Mr. William Whitelaw, the Tory deputy leader, chose a speech in Ilford to reject this "misleading abuse" and attacked the Government for its "shattering complacency."

The Labour candidate's election address did not mention immigration at all. The Tory pamphlet distributed to Ilford's voters stated with scant regard for fact: "The Labour Party plans to relax immigration controls."

As the controversy grew, the atmosphere of unreason developed. Gregarious Ilford, with its tea clubs for promoting international friendship, had to put up the shutters as the National Front grew from a minor political irritant into an inflammatory threat. Five thousand police with dogs and riot shields were deployed to shadow the mass canvass which the National Front substituted for its banned march. Only that display of strength and a *douche* of cold rain averted violence in the streets.

Other grounds

Ilford's reactions in the ballot box to all these pressures will be studied with some concern for their implications for the national course of British politics. Labour seems resigned to losing the seat. Its hope is that the Tory majority will be narrow enough to suggest that

the contest was decided on grounds other than immigration. For even before the intrusion of the immigration issue, the Conservatives were clearly favourites to regain this most marginal of Labour's London seats.

Ilford strikes one as natural Tory territory: a mixed-class suburb with an ambitious urge to self-betterment. In the huge Hainault council estate which helped Labour to its 778-vote majority in October 1974, a quarter of the houses have been sold to their tenants. Boundary changes made it a marginal constituency in 1974 but reversion to its instinctive Toryism appears to have begun.

Mr. Vivian Bendall, the 39-year-old Croydon estate agent, who represents the Conservatives, finds responses at the doorstep encouraging. Apart from his initial election address, he has left the running on immigration to others, while he bounds along the streets with his eight-man "circus" of canvassers.

This is his third election. He twice fought Mrs. Shirley Williams at Hertford and Stevenage in 1974 and he is a shrewd campaigner. Raising a quizzical eyebrow, he bombards the voters with anticipatory questions: "What bothers you? High prices? Fed-up with high taxes?" and presents himself as the reassuring answer to them.

Prices and taxes are his main targets but in an area with few jobs, he has found a growing fear of possible unemployment among the young. Another issue susceptible to his appeal. Local questions, primarily the maintenance of Ilford's grammar schools, he regards as a political bonus in his favour.

Behind him, the Conservative Party organisation hums with confident efficiency. A legion

of ladies were licking envelopes last week for the final stages of a precisely-mapped campaign.

With the National Front's candidate, Mr. John Hughes, and his migratory organisation outflanked, the only apparent threat to the Tory advance comes from the unexpected challenge of Mr. Tom Iremonger, the former MP who held the seat for the party for 20 years. He got his name in the Guinness Book of Records by polling the same number of votes — 19,843 — at the two 1974 general elections but got a rejection slip from Ilford Tories shortly afterwards allegedly because of his political eccentricities.

Nervousness

His return now as a Conservative Independent Democrat has roused a little nervousness and more bitterness in the local party. Mr. Iremonger says his aim is to ensure that Margaret Thatcher becomes Prime Minister. A maverick back-bencher in the Commons, he describes himself as a "gut Conservative" as distinct from "Punk Tories" of the Heath image. The party is finally coming round to his way of thinking, he says, and the personal vote he has secured in Ilford over the years could make the vital difference for the Tories between victory and defeat there at the next General Election. In the interests of that longer-term prospect, Mr. Iremonger believes it would be better to split the Tory vote, ensure the party loses to Labour, and force it to redeem its sins of omission against him by reappointing him as the next Conservative candidate.

But with the help of little more than a megaphone, Mr. Iremonger is obviously having some difficulty in getting that

complex message across. "It is not easy to get the right balance between an aggressive campaign and one that will not alienate support of Tories for me," he admits. Because an opinion poll has indicated that only 12 per cent of Ilford knows that Mr. Iremonger is back, the official Conservative response to his presence has been to ignore it in the hope that it might disappear. The most realistic estimates credit him with a likely vote of about 1,500 — a total that might certainly be dangerous but is generally considered unlikely to upset the balance tomorrow. The opinion polls last week gave the Conservative a substantial lead over Labour.

The Conservatives count on more than off-setting votes lost to Mr. Iremonger with benefits from a collapse of the Liberal vote. The defection of some liberal voters to Labour at the last election is believed to have been the key to Labour's victory. Desperate to-morrow from the Liberals' total of just over 1,000 in 1974, are likely to be the Tories.

The efforts of Mr. John Freeman, the Liberal candidate, to hold on to the 1974 vote, appear to have had little success. There are signs that Liberal leaders pushed into the contest, have been reconciled from the start to facing another embarrassing inquest on the electoral prospects of the Lib-Lab pact. Mr. Clement Freud, Liberal MP for Epsom, arrived at a Press conference last week, and offered only the hope that Liberals would emerge from the contest with a stronger local organisation. "I do not believe we shall do sensationally well," he smiled doggly.

Mr. Freeman, born and bred in Ilford and head of a primary



Violence at Saturday's National Front canvass in Ilford North was averted by a display of police strength and by rain. Martin Webster (right), the Front's national organiser, chats to his party's candidate before the canvass.

school, fights on defiantly. It is important that the Liberals' voice should be heard in the by-election, he insists, and it is no fault of his that his modest and moderate demands for consensus and community politics have been drowned in the babel. He is a church deacon and has been genuinely appalled by the ferocity of the immigration controversy, and fears the social damage that may result. "I have never seen anything so sad and desperately unpleasant in my life," he says.

Mrs. Tessa Jowell, the young Labour candidate, brings dash and enthusiasm to Labour's campaign. Even so, the party seems vulnerable and defensive. "Winning through with Labour," as her posters hopefully proclaim, frankly still looks a bit of a struggle. The return to single figure inflation which was expected to give Labour a rousing send off failed to bring many voters to the doorstep in obvious gratitude.

"It's a question of time," says Mrs. Jowell, and many of her aides suspect that the by-election has come too soon for the Government's electoral popularity to be solidly re-

established on the basis of the country's financial recovery.

A strong pound and a balance of payments surplus tend to be discounted against the weekly shopping bill; and voters do not yet feel able to afford any appreciation for Labour's assertion that Britain no longer depends on international loans to keep it going. Nor were they transported by the visions of future prosperity from North Sea Oil that are projected from the party's headquarters in a former spiritualist church — particularly, when a possible rail strike threatened the area's already ailing public transport.

"People need a great deal of talking to," Mrs. Jowell admits. A Camden councillor and assistant director of MIND, the mental health pressure group, she brings an appealing social concern to her campaign. But in the immigration furor she has found it difficult to focus the debate on what she calls the real issues.

"Do not let us give up now," she urges Labour supporters. "It is going to be very close." If Labour voters have been

listening, they could be persuaded to make a fight of it. But as Mrs. Jowell waited outside factory gates to speak to them last week, many sprinted past her in other directions.

THE CANDIDATES

Mr. Vivian Bendall	(Con.)
Commander W. G. Eakes	(White Residents)
Mr. John Freeman	(Lib.)
Mr. John Hughes	(Nat. Front)
Mrs. Tessa Jowell	(Lab.)
Mr. Tom Iremonger	(Independent Con. Democrat)
Miss C. Rowe	(E. London People's Front)

An eighth candidate, Mr. Alfred Burr (New Britain Party) has withdrawn although his name will still appear on the ballot paper.

OCTOBER 1974 RESULT

Mrs. M. Müller (Lab.)	20,621
Mr. Iremonger (Con.)	19,843
Mr. G. L. Wilson (Lib.)	8,080
Lab. majority	778

Independent outsiders

From Mr. H. Parker.

Sir—I cannot let Lombard's piece, "Putting a Monkey on the Board" (February 24) pass without comment. In spite of his light-hearted treatment of the subject, Anthony Harris touches on an issue that lies at the heart of this country's industrial performance. I refer to the generally uneven quality and competence of many public company Boards of directors.

This is a complex and controversial subject which cannot be dealt with adequately in a letter. But I strongly disagree with the comment by Mr. Harris that the "B's" suggestion to appoint three outside directors on public company Boards is a "remarkably puny proposal." Far from being a puny proposal, I can think of no single action that could do more to improve the quality of many Boards—and thus the performance of their companies—than to make this an absolute requirement.

One reason for the historically inadequate performance of so many U.K. companies is that their Boards have been incapable of putting real pressure on their managers. And the most common cause of this is the so-called "executive veto" whereby the Board—often a Board consisting solely of executive managers. Such a "Board" is unlikely to be dissatisfied with the company's (that is, their own) performance, and even less inclined to do anything drastic to improve it—like sackings themselves, for example.

Mr. Harris seems to have missed the real point of outside directors in suggesting that all they can do (without violating the laws regulating insider trading) is to see no evil, hear no evil and speak no evil. The right kind of outside director armed with the right kind of experience and information can be a powerful force on behalf of all stakeholders in the company, and can contribute a great deal to the effectiveness of its Board and management.

Therefore, investors—whether institutional or not—should look closely at the composition and quality of any public company's Board in addition to other more conventional indicators. Unless there are some independent heavyweight outsiders on the Board, they might reasonably ask why this is so and what the chairman proposes to do about it.

Hugh Parker;
McKinsey and Co.
74, St. James's Street, S.W.1.

Education options

From Mr. G. Young.

Sir—The interesting article by your Education Correspondent (February 25) on the options open to the Government to cope with a probable temporary expansion of higher education facilities in the 1980s does not touch on a sixth option, namely, raise the qualifications for entry to universities, polytechnics and colleges.

Some of these have shown a "drop out" rate of 10 per cent in the last few years and even for those with a lower rate, a high proportion of people abandoning their studies are first-year students in other words, they should never have gone on to higher academic studies at all. Nor should 15-year-olds be admitted to study nebulous subjects like "Independent Studies," "Liberal Studies," "General Studies," and the like, these come down to little more than generalised

Letters to the Editor

reading which could be done at home. As Carlyle said: "The true university of these days is a library of books."

I am aware that employers are much readier to take on graduates where a few years ago school leavers would have met their needs. But in my experience they do not want applicants with a pass degree in some indeterminate subject.

The Robbins Report does not have to be treated as Holy Writ. It is 15 years since it came out. Since then we have developed the Open University, while a number of institutions offering managerial and professional training have come into being. It is high time universities and polytechnics toughened up standards.

G. K. Young.

Tory Action.

P.O. Box 850, W.14.

Supply of teachers

From Mr. G. Williams.

Sir—The Department of Education and Science discussion document (February 25) has put forward five possible methods of dealing with the peak of 600,000 students in the 1980s. You high school leavers have the choices which involve the possibility of having to man the institutes for the peak period and then face the difficulty of removing surplus teachers at the trough of demand.

Why does the Department not consider extending the peak period by training as teachers people in their early 50s whose retirement would coincide with the fall off in demand? There must be substantial numbers of men and women in industry, commerce and the civil service who would like a second career or who are being pressed by their employers into early retirement.

A programme of recruiting 1,000 teachers aged 50 now, 2,000 aged 51 next year and 3,000 aged 52 in 1981 with a two-year training period should account for 90 per cent of the possible shortfall of staff.

Geoffrey G. Williams.

10, Malden Road,

Wafford.

Continuing detente

From Mr. M. Chermusnov.

Sir—Your European editor, Reginald Dale, on the Belgrade Conference (February 21) states that "both sides" are playing a "game" in Belgrade. The game, according to him, is to ensure that the other side takes the blame when failure is finally admitted.

Neither my country nor the other Socialist countries are in Belgrade to play games. They want to achieve positive results in continuing the process of de-escalation in the internal affairs of Yugoslavia which was begun with such high hopes at Helsinki in 1975.

The Soviet Union has never attempted to resist a "genuine dialogue" at Belgrade, as Mr. Dale alleges. But it will not be a party to legitimising interference in the internal affairs of sovereign States on the pretext of discussing alleged human rights violations in the Socialist countries.

The cost of a map

From Mr. B. Platt.

Sir—Fellow-readers who, like myself, have had little experience of the pitfalls of overseas trade for the individual, might take warning from the following.

In my professional capacity I have for several years had dealings with the French equivalent of the Ordnance Survey. My last order was for a map costing £12, plus £3 for carriage. Unfortunately it did not come through the post, but through National Carriers. For a £12 purchase these worthies insist on the following little "extras":

Bill of sight	£ 00
Examination and clearance	4 50
Customs entry, correspondence, etc.	12 50
Total	23 00

Not surprisingly, I shall ask National Carriers to destroy the package. It will be much cheaper to repurchase during my next visit to France.

Bernard Platt.
(Teacher responsible for geography.)
Marsh Hill School,
Wampton Road, Stockland Green,
Birmingham.

The status of farmers

From the Chairman,

Cheshire Branch Country

Landowners Association.

Sir—One must sympathise with the southern branch of the National Farmers Union (February 21) whose invitation to seven MPs to see for themselves the methods and problems involved in food production was ignored by all but one — Mr. Douglas Mann. The Country Landowners Association recently, in this region at least, has been more fortunate, though we have undoubtedly met with similar apathy in the past.

We held a briefing in Cheshire last year to which 30 urban Conservative MPs and prospective candidates were invited. Seven MPs and 11 prospective candidates actually accepted—a reasonable turnout. They had a useful day visiting farms seeing the direct selling method in practice and examining the tenancy system with both landlord and tenant present. The party discussed legislation, taking concrete examples from particular farm enterprises visited. The briefing was welcomed by the politicians who came and the effort appreciated. Some of the visitors proved well-prime and knowledgeable, others were blissfully ignorant. Each one was better informed by the end of the day.

The status of the farmer in this country is politically low. Politicians are looking for votes and they do not look to minority groups. In Denmark, where the farmer has a significant influence on the vote, the industry receives the utmost encouragement, to the extent that the nation is not only self-sufficient, but exports two-thirds of its produce. The Netherlands, with its dynamic system of intensive agriculture, has 3, Court Drive, Croydon.

A public scandal

From Professor D. Myddelton.

Sir—It really is absurd for the Price Commission to pretend to be able to identify the "correct" price for tea. How can anybody calculate such a price without fully incorporating the long-term aims and expectations of market participants?

Mr. Charles Williams appears not to appreciate that market prices are an outcome of the market process, not a mere quantification of Government orders. If he is really so smart, why doesn't he tell the Stock Exchange what the prices of each of the quoted securities on that market "ought" to be?

May I emphasise that those who support the market system don't regard the cost of Government bureaucrats' salaries as an insupportable burden (though they are certainly mounting up). What is insupportable is the continual interference with the activities of productive business managers. The amount of productive time that now has to be wasted in dealing with Government officials is a public scandal.

D. R. Myddelton.

Cranfield School of Management,

Cranfield, Bedford.

Tumbling prices

From Mr. M. Wilkin.

Sir—Nearly all world commodity prices enjoy a free market, nearly all commodity prices have tumbled over the past six months. Will the Labour Party claim this fact as its own personal achievement in its fight against inflation?

Come come Mr. Hattersley you cannot have it both ways by enjoying the benefits of free markets while at the same time fixing the price of tea!

Or will the Government (through the Enterprise Board) in future give rebates to those industrial companies who can prove they bought their raw materials at the top?

M. J. Wilkin.
6, Laurence Pountney Hill,
E.C.4.

Three acres and a cow

From Mr. H. Whitebread.

Sir—Your correspondent (February 11) is in error in ascribing to Lloyd George the phrase "three acres and a cow" — it goes back almost to before Lloyd George's time. It originated with Jesse Collings who held office in the Conservative administration at the turn of the century.

GENERAL

National Economic Development Council meets.

Interest on National Savings Bank deposit accounts reduced to 8½ per cent.

Mrs. Shirley Williams, Education Secretary, addresses rally of South Herts Labour Party, Borehamwood.

Sir Geoffrey Howe, Shadow Chancellor of the Exchequer, is chief speaker at annual conference of Conservative Party's Small Business Bureau, Carlton Hall, S.W.1. Other speakers include Mr. Reginald Prentice, MP.

Professor Charles Rowley, Professor of Economics, Newcastle

To-day's Events

University asks "How shall we pay for Education?", St. Lawrence Jewry next Guildhall, E.C.2, 1.15 p.m.

London Chamber of Commerce export finance discussion group: "The Financial Situation in Eastern Europe," 69, Cannon Street, E.C.4, 10 a.m.

Duty-free cigarettes and alcohol now available on ships and aircraft between Britain and Irish Republic.

Anti-Apartheid Movement and End Loans to South Africa group expected to hold day of action against Barclays Bank.

International Monetary Fund monthly gold auction, Washington.

European Space Agency ends two-day meeting, Paris.

London Chamber of Commerce trade mission to Yemen Arab Republic returns.

PARLIAMENTARY BUSINESS
House of Commons: Wales Bill, committee.
House of Lords: Debate on decline in respect for authority and need to re-assess primacy of the law.

Select Committees: Expenditure (Trade and Industry sub-committee).

tee). Subject: Public Expenditure White Paper 1978—Support for Industry. Witnesses: Officials from Department of Industry (10.15 a.m. Room 16). Nationalised Industries (sub-committee C). Subject: Independent Broadcasting Authority. Witnesses: IBA (4 p.m. Room 8). Expenditure (Social Services and Employment sub-committee). Subject: Employment and training services. Witnesses: Institute of Careers Officers (5 p.m. Room 18).

COMPANY RESULT

General Accident Fire and Life Assurance Corp'n. (Full year).

COMPANY MEETING

Birmingham Pallet, Birmingham, 12.

FOR HIRE

Magic flute.

This year, thanks to their continuing association with Imperial Tobacco, Glyndebourne are staging a new production of Mozart's 'The Magic Flute'.

Imperial Tobacco is just one of a number of far sighted UK companies to have realised that the arts in this country—ballet, opera, theatre, film, art and music—need money if they are going to survive.

But this is not a charity advertisement.

ABSA—Association for Business Sponsorship of the Arts—exists to encourage the growth of

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3 Pteropod Place, Bath BA1 1JX.
Please send me full details of ABSA.

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Company	
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IMPERIAL TOBACCO LIMITED
have donated this advertisement in support of ABSA and the Arts.

COMPANY NEWS + COMMENT

Waterford Glass increase is £2.48m.

WITH ALL divisions performing satisfactorily and despite some adverse effects from currency movements, Waterford Glass achieved a 3.57 per cent. jump in pre-tax earnings from £6.75m. to a record £7.00m. Sales climbed £20.8m. to £100.5m.

Half-time profits were better at £3.82m. compared with £2.66m. The company had taken steps to minimise the impact of further foreign exchange fluctuations during the current year and the present indications are that growth will be sustained in all group activities, the directors say.

Earnings per 5p share are shown at 4.7p (3.18p) basic, or 4.22p (2.98p) fully diluted and a net final dividend of 0.795p, raising the total to 1.52p, against an equivalent 0.9488p.

Manufacturing relief, which allows a tax rate of 25 per cent., has been claimed in certain of the Irish companies in the group and total tax for the year was £2.85m. (£2.35m.), representing a lower overall rate of 31.7 per cent. (34.5 per cent.).

For the year pre-tax margins were ahead from 8.5 per cent. to 9.2 per cent. Year end bank borrowings, at £14.24m. (£11.78m.), represented 40 per cent. (38 per cent.) of members' funds.

Group turnover	1977	1976
Pre-tax profit	100.470	79.675
Tax	2.254	2.353
Net profit	98.216	77.322
Dividends	6.395	4.496
Profit after tax	91.821	72.826
Available	3.340	1.034
Distribution	499	277
Ord. dividends	974	727
To revenue reserves	4,024	2,658

Pre-tax profits at Waterford Glass are just above market expectations but the reduced tax charge as a result of manufacturing relief subsidies was something of a surprise. With borrowings under tight control this holds the ratio to shareholders funds down to a very comfortable 40 per cent. and spells the end of the high earnings period of the mid-70s. On the trading front crystal demand remains very high but supply is now limited by capacity and there is also the exposure to the weak dollar to worry about. On the future the group will need to rely more on the other divisions for organic growth; minorities suggest that the Waterford store group has contributed £1.5m. against last year's £300,000 and further internal expansion is planned for this division. At 44p the p/e is 10 but the dividend (covered 3.6 times) yields only 4 per cent.

IRISH LIFE QUILTS LOA

Irish Life Assurance Company has resigned from The Life Offices Association.

Irish Life says its has taken this decision with regret, purely for administrative reasons, because of the consequences of continuing to apply to their relatively minor U.K. business the LOA commissions structure which differs from that operated within the Republic of Ireland.

Company	Page Col.	Company	Page Col.
Alcan (U.K.)	21 4	Metallux	18 2
Allied Insulators	19 2	Mount Charlotte	20 1
Blackwood Hodge	19 3	Nat. Wesminster	19 1
Braine (T.F. & J.H.)	21 4	Nottm. Manufacturing	19 4
Broadstone Trust	18 8	Raine Engg.	18 5
Clifford & Snell	19 3	Roskill Hlgs.	18 4
Crest Nicholson	19 1	Sidgwick Forbes	19 4
First Scot. Am.	19 3	Tace Group	19 5
Imperial Metal	18 7	Thorn Subs.	18 8
Ind. Investment	18 6	Utd. Glass	20 7
Inv. in Success	18 4	Waterford Glass	18 1
Merchant Investors	18 5	Woodhouse Rixson	18 4

Metaltrax soars by 74%

HAVING expanded second-half taxable earnings from £328,089 to £573,117, which exceeded the previous full-year figures, Metaltrax (Holdings) ended 1977 with total profit 74 per cent. ahead at £1.47m. against £844,333. Turnover at the Birmingham-based engineering group was up £3.78m. to £11.04m. and a one-for-ten scrip issue has been announced.

The results include five months' profits of Bacal which for 1976 had shown a surplus of £163,000. The directors say the group's performance confirms the continuing strength in its engineering sector. Stated earnings per 5p share were 0.14p (5.04p) and a net final dividend of 0.6851p lifts the total to a maximum permitted 1.1315p (1.0137p adjusted for scrip).

The new scrip issue will absorb £65,341. This is the ninth consecutive year that the company, which now operates 19 engineering companies in England and Wales, has made a bonus issue.

Turnover	1977	1976
Pre-tax profit	1,041,133	728,778
Tax	1,452,336	844,333
Net profit	888,797	584,445
Minority	286	286
Profit	10,500	10,500
Available	352,839	331,465
To deferred tax	112,560	133,229
Ord. dividends	15,411	12,794
Warrants	16,779	2,174
Retained	71,673	74,440
On stock increase	11,000	11,000

comment

Metaltrax's pre-tax profits rise of 74 per cent. on a turnover increase of 31 per cent. was achieved in a difficult year for engineering companies operating in the U.K. However, the group's broad spread of interests in comparatively small companies—which can quickly switch production direction to meet differing demands—is ideally suited to cope with a recession. Conversely the group will have less ground to pick up when the next upturn comes and therefore commitments include expenditure

future growth may be less dramatic than at other currently less well placed engineering groups. Last year the group's mixed bag of companies all enjoyed profit growth while profits received an additional boost from Bacal, the latest of a long line of acquisitions by the group. To date these purchases have not stretched group borrowings and despite some additional debt brought in by Bacal, net borrowings are still thought to be less than 20 per cent. of shareholders' funds. Meanwhile the shares yield 5 per cent. with a p/e of 5.6 at 35p.

Prospects for Allied Insulators

WITH THE pound strengthening without any indication of abatement in the rate of cost increases, Allied Insulators' competitive position in export markets must be adversely affected, Mr. A. Lloyd, chairman, says in his statement with accounts.

In the long-term much will depend upon containing costs that are controllable.

But the January 1 order book represents six months of budgeted production, and this augurs well for the immediate future, Mr. Lloyd says.

He says net borrowings have increased by almost £0.8m. required primarily to provide additional working capital owing to continuing pressure from increased costs. Stock levels have also built up following an upturn in activity in December, 1977.

In the December 31, 1977 year the group acquired 75 per cent. of the capital of Advanced Materials Engineering and 30 per cent. of an associated activity in the U.S.

For the six months it was controlled by Allied it incurred a small trading loss, but is expected to contribute to profits in 1978.

Capital spending for 1977 of £0.8m. (£0.3m.) includes £180,000 earmarked for AME. Other major commitments include expenditure

for diversification of products in the high and low tension divisions, and new product development at Unifort Technical Ceramics.

Capital spending in the last five years has totalled almost £2m., although market conditions in 1977 limited the extent of utilisation of some additional capacity.

A current cost statement included with accounts shows the £1.46m. (£1.51m.) profit reduced to £356,000 after additional depreciation of £175,000, the cost of sales adjustment of £283,000 and a £200,000 carrying adjustment.

For the year there was a £722,300 (£1.17m.) increase in working capital.

Predicted, Stoke-on-Trent, March 23 at 11.30 a.m.

Turnround at Roskill to £0.2m.

CLOTHING DISTRIBUTORS Roskill Holdings returned to the black with a £202,000 profit against a £127,000 loss in the 28 weeks period ended December 10, 1977, but directors hold out little hope of a dividend this year.

They say there is no indication of a pattern of earnings is for two-thirds of profit to be achieved in the opening half-year, and say the new year's dividend will be unlikely any final dividend will be paid. The major priority in the short-term is to rebuild the reserves of the group following the last two years of losses, they add.

The last dividend payment was in 1974-75 when a total of 231p was paid on pre-tax profits of 0.8m.

Last year's £169,000 loss took the total deficit for 1975-76 and 1976-77 to £717,000. After last year's loss the directors predicted a return to profits for 1977-78.

Turnover for the half-year rose from £7.82m. to £8.54m., and net profit rose from £14,000 to £202,000 (£1,000). There is no tax compared with a £1,000 credit last time.

comment

Roskill has made a dramatic turnround into profits, but it has not come from the new venture. Fashionware, which is a direct sales operation through Premier Denques. Evidently this has turned out to be a failure. The recovery has come from traditional party plan selling where a revamped range has helped to encourage sales.

There is a suggestion that the lion's share of clothing party sales, but even so, it is hard to shake off memories of earlier sharp downturns. The one clear message from the figures is that Roskill is not operating in a volatile market. Party selling is the mainstay of the company and the market must take a cautious view. Assuming £300,000 pre-tax for the year the fully taxed p/e is 7.9 at 12p.

Investing in Success at £191,111

Revenue of "Investing in Success" for the year to January 31, 1978, emerged higher at £191,111 compared with £154,133 last time, and the dividend is stepped up to 2.904p against 2.403p with a final 2.112p net per 25p share.

The amount retained came out at £13,388 (£8,947), contingent liabilities per share are shown as 11p (15.02p), and net asset value per share 169.01p (155.95p).

ABM PURCHASE

Associated Biscuit Manufacturers has signed contracts for the purchase of Draeges Aus Wesel, a private German company at the "top end" of the confectionery market. The deal, which became effective on January 1, 1978, involves DM13m. (approximately £750,000).

Draeges Aus Wesel had sales of £1.8m. in 1977.

ELLIS & EVERARD

Ellis and Everard has acquired Queegley Leisner and Varghese, which are being transferred to Ellis and Everard (Chemicals).

The purchase price totals £200,000 and will be satisfied by the issue of 35,000 Ordinary shares in Ellis and Everard.

Woodhouse & Rixson at £0.2m.

AFTER FALLING from £34,000 to £31,000, Woodhouse & Rixson's tax profits of foremen, etc., finished 1977 down from £228,000 to £196,000, including a loss of £222,000, against £130,000 in 1976. Turnover was ahead from £10.49m. to £12.15m. (£12.04m.).

There is a tax credit of £16,000 (£12,000) but extraordinary debits absorb £918,000.

Earnings are shown at 2.1p (7.1p) per 125p share. The dividend is raised from 2.075p to the maximum permitted 2.31506p net with a final 1.35003p.

Group turnover	1977	1976
Trading profit	12,150	10,490
Interest paid	230	230
Profit before tax	12,380	10,720
Tax recoverable	196	625
Net profit	12,576	11,345
Extra-ord. debit	918	918
Deficit for 1977	119	144
Interim dividend	119	144
Proposed final	119	144

An analysis of pre-tax profits shows that Woodhouse and Rixson contributed £217,000 (£263,500) with £47,000 coming in the second half. Cocker Bros. £241,000 (£163,000) with £141,000 in the second half. Isaloh Oldbury £181,000 (£191,000) with £111,000 in the second half. Portway Holdings £191,000 (£200,000) with £108,000 in the second half. Woodhouse and Rixson £151,000 (£148,000) with £97,000 in the second half. Woodhouse and Rixson Canada a loss of £17,000 (£15,000) with £1,000 in the second half. Woodhouse and Rixson (Holdings) a loss of £42,000 (£153,000) profit with £20,000 in the second half. Exchange losses absorbed £15,000 (£20,000 gain).

Mr. G. S. Baker, the chairman, says that in view of the continuing losses in Belgium, together with the medium-term view of world

Company	Current dividend	Date of payment	Corr. of payment	Total for year	Total last year
T. F. and J. H. Braine	2.53	—	—	2.53	2.08
Kroadstone Trust	2.75	April 27	3.3	3.13	4.5
(Clifford & Snell)	9.31	April 28	0.15	0.37	0.37
First Scot. Am.	1.85	April 13	0.15	0.55	0.55
Inv. in Success	1.29	April 13	0.29	2.07	2.07
Ind. Inv. Trust	1.45	—	1.34	2.82	2.34
Inv. in Success	2.11	—	1.67	2.9	2.41
Metallux	0.69	—	0.61	1.12	1.01
Nat. Wesminster	0.49	—	0.49	0.49	0.49
Mount Charlotte	0.29	April 4	3.37	11.49	10.28
Raine Engineering Int.	0.29	May 2	0.29	0.57	0.57
Sedgwick Forbes	6.00	—	5.99	9.39	8.39
Waterford Glass	0.74	—	0.62	1.3	0.95
Woodhouse and Rixson	1.16	April 22	1.04	2.32	2.08

Raine Eng. falls midway

WITH THE continuing effect of the recession in the steel industry, Raine Engineering's annual dividend is available for self-consumption. A reduction in taxable profits from £293,000 to £103,000 for the 12 months to December 31, 1977, has increased sales of £7.32m.

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues.

The directors do not anticipate that the full year's profit will match the previous year's record of £555,000. They report that a better trading pattern is being experienced in the second half.

The net interim dividend is unchanged at 0.285p per 10p share and the directors expect a total not less than last year's 0.8712p.

Sales	1977	1976
Home	1,900	1,603
Export	5,423	5,717
Investment income	12	12
Interest payable	138	133
Profit before tax	100	88
Tax	1	1
Net profit	99	87
Retained	39	14

The directors report that the Edinburgh Ship Works was adversely affected by the continuing problems of the motor industry and the import of foreign cars and consumer durables. Looking to the lack of orders from established customers and a resulting loss.

The depreciated value of the dollar against a rise in the value of sterling affected profitability. The Newcastle plant is operating at a substantial export market to North America, and the withdrawal of the payment of Regional Employment Premium allowances since it has not been possible fully to recover such by increased prices, they say.

Merchant Investors'

Merchant Investors Assurance, a member of the National-Verdenden Group, has launched the Simple Premium Personal Pension Plan, a single premium self-employed pension contract.

ISSUE NEWS

Yearlings up again

The coupon rate on this week's batch of local authority yearlings bonds climbed 0.1 of a point for the second week in succession to 8 1/2 per cent. The bonds are issued at par and due on March 7, 1979.

This week's issues are: City of Dundee District Council (£1m.), Fife Regional Council (£1m.), City of Leeds (£2m.), Bracknell District Council (£1m.), Bedfordshire County Council (£3m.), South Derbyshire District Council (£1m.), West Yorkshire Passenger Transport Executive (£1m.), Newark District Council (£1m.), City of Kingston Upon Thames (£1m.), Strathclyde Regional Council (£1m.), West Yorkshire Metropolitan Council (£1m.).

Two-year bonds carrying a coupon of 9 1/2 per cent. at par, and due on February 27, 1980 are issued by Erewash Borough Council (£1m.), West Yorkshire Passenger Transport Executive (£1m.).

The London Borough of Croydon is issuing £1m. of variable rate bonds due on February 23, 1981 at par, and Surrey County Council is raising £1m. of variable rate bonds due on February 24, 1982 at par.

L. RYAN

L. Ryan Holdings, which is to seek recognition for its ordinary shares, is not a subsidiary of the Hodge Group.

Woodhouse & Rixson at £0.2m.

range markets, it was decided to close the business on November 1, 1977. The extraordinary item is the estimate of total closure expenses and terminal losses. The company had ceased production by November 30 and the site will be cleared in three months. Certain plant is being relocated in the U.K. Losses have been totally absorbed into this year's accounts.

Further losses were incurred at Woodhouse and Rixson Flanges. The number of people employed in this operation is being reduced, and vigorous action is being taken to find a solution to the situation.

At Woodhouse and Rixson the open die forgings and rolled rings subsidiary, there has been some reduction in demand, and profits have suffered accordingly.

Cockers has maintained progress, with increased turnover and profits. New plant installed in the second half of 1977 has been commissioned, and will add to the output in 1978.

Portway closed the foreign currency improved profit in the second half. Early 1977 has been commissioned, and is significantly added to turnover.

Oldbury makes special purpose trailers, had a record year, and it has been decided to move the company into new premises, which will allow an increase in output of 50 per cent. and a larger range of products.

No provision has been made for deferred tax by reason of capital allowances and stock relief, and £1.09m. of deferred tax provisions made in prior years have been released to reserves. Tax on capital allowances have been restated in accordance with RD 10.

Although the dividend has not been declared, the directors feel it is fully justified, taking 11 per cent.

IMI £4.1m. ahead to peak £34.2m.

DESPITE a second half downturn of £3.67m. to £18.2m. Imperial Metal Industries finished 1977 with record taxable profits of £34.2m. compared with £30.08m. including a loss of £0.8m. against a profit of £1.2m. in respect of the change in value of the net current assets of overseas subsidiaries, arising from changes in exchange rates. Profit for the year also includes a fall in associates share, from £4.2m. to £3.1m.

Excluding exchange losses, the second half was £1.3m. down on that of the first six months primarily due to a reduction in volume, and the directors state that there is at present no indication of any general increase in demand in 1978.

Group sales improved by £3m. to £467.1m. (1976 £454.1m.) including a loss of £0.8m. some £2m. was direct exports from the U.K.

Earnings per 25p share are shown at 8.3p (5.6p) before extraordinary items and 8.2p (5.5p) after the same. The dividend is stepped up to 3.29422p (£2.9875p) with a final 0.73422p net. An adjusted pre-tax profit of £20m. is given on a CCA basis.

Profits from building products were slightly up despite the continued recession in the U.K. and Europe. There was an increase in profits from copper fittings but some downturn in copper tube and hot water cylinders.

In the heat exchange sector, profit levels were maintained. Marston Radiators turned in improved results, but Marston Excelsior had a disappointing year. Results from Marston Radiator Services matched those of 1976.

Activity in fluid power continued to show an upward trend with Norgren Shipston and Emots doing particularly well in both home and export markets. There was also a significant increase in profits at C. A. Norgren and Co. in the U.S.

General engineering activities produced better profits, particularly in engineering tube and in specialised industrial valves. Profits from sporting ammunition also increased while the component fabrication activities at Winton maintained the improvement made in 1976.

An upturn in zip fastener activity in the early part of the year was short-lived. Overall there was a fall in profit, although the U.K. activity showed some improvement.

Profits from the refinery were affected by shortages of copper scrap and an industrial dispute, although there was little growth in home sales, profits from copper semis increased, assisted by higher exports. The titanium activity was adversely affected by low demand and industrial relations problems but the Henry Righton stockholding business yielded somewhat better profits.

External sales	1977	1976
Depreciation	457,016	442,145
Profit before tax	34,200	30,087
Tax	1,816	1,816
Net profit	32,384	28,271
Minority interest	681	1,870
Total profit	33,065	30,141
Extra-ordinary debits	115	122
Profit after tax	32,950	29,999
Dividends	18,238	14,411
Retained	14,712	15,588

Profit: * Credit.

MIDLAND BANK STATISTICS

Statistics compiled by Midland Bank show that the amount of "new money" raised in the U.K. by the issue of marketable securities in February was £110.2m. compared with £91.0m. in the corresponding month of 1976.

The bulk of February's figure was accounted for by eight company issues totalling £105.2m. including the Midland Bank's rights issue which raised £90m. the largest since the £204m. issue in May 1976.

SAMUEL OSBORN

Samuel Osborn announces that the exercise by convertible shareholders of the right to convert their shares has resulted in the conversion of a total of 101,502 convertible shares, representing 9.7 per cent. of such shares, into fully paid ordinary shares.

The company intends to give notice to the remaining holders of convertible shares requiring that the balance be converted subject to the right of any such holder to elect instead to have his convertible shares redeemed at par.

Holders of share warrants to bearer of the Bank may attend the meeting and vote thereon on depositing the said warrants at the offices of the Bank not later than 12.30 p.m. 20 March 1978, and such warrants will be retained in custody until the termination of the meeting.

Foreign residents may deposit share warrants to bearer, and holders of bearer shares in the U.K. may arrange for authorised depositaries holding share warrants to bearer on their behalf, to transfer the warrants on the same conditions as mentioned above to the London and Manchester branches of Bank Hapoalim.

If within half an hour from the time appointed for the meeting a quorum is not present the meeting shall stand adjourned to 29 March 1978, 12.30 p.m. at the Head Office of the Bank, without any duty on behalf of the Board of Directors to give notice thereof to members. If at such adjourned meeting, within half an hour from the time appointed for the meeting, a quorum is not present, the members present shall form a quorum and may transact the business for which the meeting was called.

By order of the Board of Directors,
Gideon Eliaz
Secretary

The Nottingham Manufacturing Company, Limited

Salient points from the Statement by the Chairman as circulated with the Report and Accounts for the year ended 31st December, 1977.

Comparative results	1977	1976
Turnover	128,285	104,141
Exports	15,054	9,396
Trading Profit before Depreciation	13,872	13,117
Depreciation	3,412	2,962
Investment Income	1,882	1,828
Profit before Taxation	15,017	11,286
Profit after Taxation	10,501	8,010
Dividends per Share	3.243875p	2.9043p
Earnings per Share	20.24p	15.45p

● Export Sales increased by 39%—further progress anticipated in 1978.

● Well placed to take advantage of opportunities, further progress hoped for in 1978.

APPOINTMENTS

Gift-Edged Market

PARTNERSHIP

A long-established firm of stockbrokers with an enviable reputation in its specialist fields wishes to build up its gift-edged business into a significant element of its investment services.

A gift-edged dealer with a first-class reputation in the market is sought to build up or recruit the necessary team. The opportunity would appeal to a candidate in a senior position looking for a fresh challenge.

The firm offers—the opportunity to create a new team

—a name on which to build

—a free hand within agreed policy and budget

—recognition in the form of a partnership with seniority to match performance.

All approaches will be treated in strictest confidence and nothing revealed to our client without express permission.

Write, quoting reference 10747, to M. J. H. Coney, or ring 01-238 8000.

Peat, Marwick, Mitchell & Co.,
Management Consultants,
165 Queen Victoria Street,
Blackfriars, London EC4V 3PD

CONTRACTS AND TENDERS

Snm

SOCIÉTÉ NATIONALE INDUSTRIELLE ET MINIERE (SNIM)

MAURITANIAN ISLAMIC REPUBLIC

MODIFICATION

NOTICE OF PREQUALIFICATION—A

The Société Nationale Industrielle et Minière (SNIM) has issued a notice of prequalification-A, concerning various supplies and works involved in the "Projet Guelles."

Firms wishing to take part in the final tenders invited by SNIM/SOCOMINE for these supplies and works are advised that the date of delivery to SOCOMINE of their prequalification statements is deferred from March 10 to March 20, 1978.

COMPANY NOTICES

ASEA AKTIEBOLAG VÄSTERÅS, SWEDEN

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders will be held in the Signif building, Västerås, on Thursday, March 16, 1978.

ITEMS
The agenda for the meeting is as follows:

1. Approval of the financial statements for the year 1977.
2. Election of members of the Board of Directors.
3. Election of members of the Board of Supervisors.
4. Election of members of the Board of Auditors.
5. Election of members of the Board of Directors.

At the meeting, the company will also discuss the proposed acquisition of the company's shares by the State of Sweden.

Shareholders wishing to participate in the meeting should send their names to the company by March 15, 1978.

Shareholders who wish to attend the meeting should send their names to the company by March 15, 1978.

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BIDS AND DEALS

Bury & Masco agrees £6.6m. Scapa offer

Scapa Group has made an agreed take-over bid worth £6.6m. for Bury and Masco (Holdings), a manufacturer of woollen pressed felts and non-woven industrial fabrics.

The terms of the offer, which is for 100p a share—equivalent to 101p a share—have been irrevocably accepted by holders of 18.9 per cent of the B and M capital.

These holdings represent mainly the interests of the Thorneycroft Trust, which is the parent of B and M (with around 11 per cent of the equity) have also announced their intention to accept.

Bury and Masco shares jumped by 17p to 97p on news of the offer, while Scapa lost 4 1/2p to 94 1/2p.

The bid is accompanied by a forecast that profits for Scapa for 1978, will be only £2.5m. against £7.6m. in 1976-77. The news comes after an interim statement in December which showed that time profits to be ahead from £3.1m. to £3.4m. and in which the Board said that it saw no reason why the normal pattern of higher earnings in the second half should not recur this year.

The setback is blamed on the strength of sterling which has had an adverse effect on overseas earnings, mainly from North America. The Board estimates that the movement in exchange rates will have adversely affected profits by over £1m. expected to pay a dividend of 3p a share.

Meanwhile, the directors of Bury and Masco have said that the profit before tax and extraordinary items for 1977 was around £1.2m. against the previous year's £874,000. Shareholders, who would have received "the maximum permissible final dividend" will receive a second interim dividend if the bid goes through.

The move is seen by Scapa, which manufactures paper and board machine clothing and also industrial textile fabrics, as one which will enable the enlarged group to offer a more comprehensive range of industrial textiles in world markets. The business of Bury and Masco will be main-

tained and developed under its present management.

Lazard Brothers has acted for Scapa and Bury and Masco has been advised by Schroder Wagg.

Cavenham takes over Alliance Property

In an £18.5m. deal, Sir James Galloway Group has taken over Alliance Securities' main property holding subsidiary, Alliance Property Holdings.

Property, which is itself a subsidiary of Sir James' Generale Occidentale group, announced last September that it planned to substantially reduce its property holdings, and to invest in a wider range of securities.

Cavenham is paying Alliance £10.7m. for the property company, but Alliance also received a £1.5m. dividend from Alliance immediately before the transfer.

The £18.5m. cash will be used to further Alliance's diversification programme. Cavenham's price represents 90 per cent of Alliance's net assets on the basis of a directors' valuation of Alliance's properties in January 1977.

An exacting audit of the properties will be determined following an auditor's report on the subsidiary last accounts.

Any surplus over this value realised on the sale of the properties will be apportioned between the companies on the basis of 25 per cent for Cavenham and 75 per cent for Alliance.

Cavenham already has substantial property interests through its retail trading operations. Alliance will be integrated into the Cavenham property side, which plans a £50m. retail investment programme over the next five years.

BLAKEY'S FORECAST
Given that Centreway already owns a third of Blakey's Malls, the latter is putting up a spirited defence against the bid. The directors are forecasting a 52 per cent increase in the profits to next March of £265,000 compared with £241,000. They are also proposing a jump in the final

dividend to 2.805p net which will mean a 80.4 per cent increase in the total dividend for the year.

On the asset front, as a result of a property revaluation and including the profit forecast, net assets per share at March 31 will be 38p, the directors say, against the offer from Centreway of 41p in cash.

Finally, the directors claim that the market price, 44p yesterday, has exceeded the bid price ever since the first week in February. This suggests, they say, that the offer is inadequate. Shareholders are advised to take no action.

HAMILBORNE BIDDERS
The 48p share cash bid for brick makers Hamiltonborne, was revealed yesterday as coming from a private company, Ferguson Securities, which intends to maintain the listing by placing all 51 per cent of the shares.

According to an official statement, the offer has already been irrevocably accepted by the chairman, Mr. Dennis Barkway who controls 29.9 per cent of Hamiltonborne through his private company, Ferguson, Finance and General Trust.

Ferguson is the Northern Irish holding company for the private interest of Mr. Graham Ferguson, London, through a subsidiary, Birmingham and Midlands Counties Trust. Mr. Lacey owns just under 43 per cent of William Reed, the carpet group, which had made a conditional offer to buy 73 per cent of a much troubled U.S. group, E. T. Sankoff.

The offer for Hamiltonborne has been declared as fair and reasonable by the company's advisers, Greene and Co. with the proviso that shareholders' attention should be drawn to the statement of Ferguson's intentions.

Details will be included in the offer documents but at this stage Mr. Ferguson Lacey has said that he wants to keep control of only 51 per cent of the shares, so as to maintain the listing. Any acceptance above this level will be placed with outside shareholders.

Appleyard profit below target

Appleyard shareholders will be asked at an extraordinary meeting scheduled for March 16 to approve the creation of an additional 15p ordinary share for each existing share in order to accommodate the acquisition, which involves the issue to the vendors of 2,546,800 shares.

Appleyard has been advised by merchant bankers Hill Samuel.

SCHRODER SELLS AUSTRALIAN STAKE
A leading Singapore bank, Oversea-Chinese Banking Corporation has acquired a 15 per cent stake in Schroder's Australian merchant banking subsidiary, Schroder, Darling and Co. Holdings.

The stake of 105,000 shares was acquired from the London parent for an undisclosed price.

The Schroder group in March last year purchased this additional 15 per cent interest with the intention of offering it to an international institution.

Following this transaction, Schroder now holds 50 per cent of the shares in Schroder, Darling and Co. Holdings, the Bank of Nova Scotia and the Bank of New South Wales remaining at 25 per cent and 10 per cent respectively.

Schroder, Darling is believed to be Australia's biggest merchant bank with gross assets of about \$A138m. as at the middle of last year.

GRAHAM WOOD
The offer by British Steel Corporation (U.K.) for Graham Wood Steel has become unconditional in all respects and will be completed within further 24 hours. Shareholders have approved a scrip issue and reorganisation of capital.

The Board of Wood has since received the necessary provisions for the takeover. As a result the offer relates to 3,332,222 Ordinary and 3,332,222 Deferred shares (together referred to as Graham Wood units). Acceptances have

United Glass to spend £17.5m.

PLANS to almost double its capital expenditure from £9.5m. to £17.5m. in 1978 were announced yesterday by Mr. Vic Hender, managing director of United Glass.

Speaking at a Press conference, Mr. Hender said that each of the 14 factories continued to operate at a profit during the first quarter of the current year and this had resulted in a higher total profit figure being achieved compared with the first quarter of 1977.

As reported on February 17, pre-tax profits for the year to December 3, 1977 rose to £11.5m. against £8.36m. for the previous 50 weeks.

Among the major projects involved would be: £3m. at Harlow Glassworks, including a re-commissioning of a fourth furnace; a new £17.5m. warehouse at Glenrothes, due to be formally opened this week; the first 10-section bottle-making machine in Britain at Alloa which cost £750,000; computer "Date Point" equipment, £1.25m. a £2m. expansion at the Bridge of Allan and Norwich plants of the closures and plastics division and an additional foundry furnace at Johnson Radley which will cost £1.25m.

The company is jointly owned by Distillers Company and On. Illinois.

Recovery at Mount Charlotte

THE RECOVERY at Mount Charlotte Investments has continued with pre-tax profits for the 53 weeks to January 1, 1978, jumping from £43,000 to a record £22,000, a turnover up to £7.6m. to £8.1m.

Dividend is restored at maximum permitted 0.48p per 10p share.

At half-way, a £184,000 loss was turned round to a £75,000 profit in 1977 and 1978 losses were £287,500 were incurred by the hotel and catering group.

The latest result is a net interest charges of £284,000 (1977) and £281,000 (1978) (credit £21,000) and attributable profit after minorities is £821,000 (1977) and £821,000 (1978).

Earnings per share are the same at 1.2p (1977). The first nine months of the year, but the dividend was 0.065p net per 10p share affected the business there in 1974.

The Finance Director's favourite builder

Bovis

Bovis Construction Limited

Telephone: 01-423 3488

COMPAGNIE BANCAIRE

Société Anonyme

Incorporated in France with limited liability.

Regd. Office: 25 avenue Kleber, 75116 Paris.

NOTICE OF ANNUAL GENERAL MEETING

Shareholders of Compagnie Bancaire are informed that the Annual General Meeting will be held at 8 p.m., Thursday 23rd March, 1978 at the Company's registered office, 25 avenue Kleber, Paris 16ème, in order to consider the following agenda:

—The Report of the Board of Management.
—The Report of the Supervisory Board.
—The general report of the Commissaires aux Comptes.
—The special report of the Commissaires aux Comptes relating to agreements contemplated by article 143 of the Law of 24th July, 1966.

—The examination and approval of the Balance Sheet and Accounts for the financial year 1977.
—The appropriation of profits and the fixing of the dividend for the financial year 1977.
—Nomination of a new member for the Supervisory Board.
—Renewal of the term of office of a "Censeur".
—Any other business.

Holders of registered shares will be admitted to the Meeting on request, having supplied proof of identity, provided that their names have been entered on the Company's transfer register at least five clear days before the date of the Meeting.

Holders of bearer shares must, at least five clear days before the date of the Meeting, deposit at the Company's Registered Office either their shares or a certificate of deposit issued by the bank, financial establishment or stockbroker with whom they have been deposited.

Shareholders who wish to attend the Meeting are asked to request an admission card beforehand from the Company.

Shareholders may appoint proxies to attend and vote on their behalf. A proxy must be the shareholder's spouse or another shareholder. If a proxy form is returned duly signed but without the appointment of an individual as the proxy, it will be placed at the disposal of the Commissaire du Gouvernement to be voted at his discretion. In order to vote against a resolution it is necessary to attend the Meeting in person or to appoint a proxy who votes against the resolution.

U.S. Rubber Uniroyal Holdings Société Anonyme

6142 Guaranteed Sinking Fund Debentures due 1985

Notice is hereby given that, pursuant to the provisions of the Indenture dated as of April 1, 1976, providing for the redemption of the 6142 Guaranteed Sinking Fund Debentures due 1985 (the "Debentures"), at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date.

The serial numbers of the Debentures which have been selected for redemption (each bearing the prefix letter "M") are:

8161	10351	11312	12333	13313	14333	15313	16333	17313	18333	19313	20333	21313	22333	23313
24333	25313	26333	27313	28333	29313	30333	31313	32333	33313	34333	35313	36333	37313	38333
39313	40333	41313	42333	43313	44333	45313	46333	47313	48333	49313	50333	51313	52333	53313
54333	55313	56333	57313	58333	59313	60333	61313	62333	63313	64333	65313	66333	67313	68333
69313	70333	71313	72333	73313	74333	75313	76333	77313	78333	79313	80333	81313	82333	83313
84333	85313	86333	87313	88333	89313	90333	91313	92333	93313	94333	95313	96333	97313	98333
99313	100333	101313	102333	103313	104333	105313	106333	107313	108333	109313	110333	111313	112333	113313
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MINING NEWS

EZ Industries makes a half-year loss

BY KENNETH MARSTON, MINING EDITOR

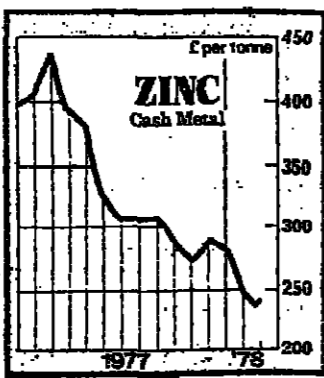
THE WEAKNESS of the zinc price has claimed another victim. Australia's leading producer of the metal, EZ Industries, has run into the red for what is believed to be the first time in 60 years with a pre-tax loss of \$43.75m. (£2.2m.) for the 28 weeks to January 11. No interim dividend is being paid.

The net result for the period after a transfer from the deferred tax provision and depreciation is a loss of \$48.55m. This compares with a profit of \$46.38m. in the same period of 1976-77 when the year's profit advanced by nearly 70 per cent. to \$41.1m. The past year's dividend total was 11 cents.

Apart from the fall in the zinc producer price — down from \$US735 per tonne in May last year to the current \$US530 per tonne — EZ has been hit by rising costs, the appreciation of the Australian dollar against the U.S. dollar and is suffering from severely competitive world market conditions.

The company has had to write down the value of its zinc smelters by \$45.14m. It comments that unless world production of the metal is reduced to match demand, the pressure on prices will continue. Meanwhile, EZ is implementing maximum cost savings to ensure that it maintains at least a modest level of operation.

While suffering from the depression in markets for its major product, EZ continues to look forward to a new future in uranium in its partnership with Feko-Wallend. Apart from their recently reported major uranium discovery in the



Northern Territory, the partners are awaiting official approval to start mining their big Ranger find in the same area.

They will have to overcome the current trades union objections to the mining and export of uranium, but union attitudes appear to be softening. It is generally thought that the Ranger deposit will be the first to be given a Governmental go-ahead.

Under an understanding reached in 1974, the Australian Government is expected to finance 72.5 per cent. of the cost of developing Ranger.

Despite the half-year loss, shares of EZ rose 5p to 135p in London yesterday in sympathy with a generally firm trend among the Australian potential uranium producers.

SAMANCOR
Reflecting the general recession

in the world steel industry, profits have fallen sharply at SA Manganeese (Amcor), the major South African producer of manganese ore and ferro-alloys, reports Richard Rolfe in Johannesburg.

For the year to December 31, pre-tax profits were down from R94m. to R61m. (£36.3m.), equivalent, after tax, to a fall from 180 cents to 132 cents in terms of earnings per share. The dividend has been held at 65 cents (38.7p) and the shares, quoted yesterday at 540 cents, yield 12 per cent. Samancor accounts for the bulk of South African manganese exports to Europe and will soon hold talks with customers on this year's price and volume contracts.

Dr. J. P. Kearney, the managing director, indicated optimism recently about unchanged manganese price, but was less optimistic about the prospects for ferro-alloys.

CRA-Smith in CAIL talks

ACCORDING to Mr. Rus Nadigan, a director of Cosine Rodiate of Wales Government will need to discuss with the Howard Smith group whether the recent guidelines on foreign investment announced by the New South Wales Government will affect the company's present intention to go ahead with a joint bid for Coal and Allied Industries (CAIL), London's Rio Tinto-Zinc owns 72.5 per cent. of CRA.

The Howard Smith-CRA bid was put into abeyance after Mr. Pat Hills, the NSW Mines and Energy Minister stated last October that at least 51 per cent. of CAIL's loan stock on issue in public markets, which if fully converted would leave it with two years of unrestricted dividend growth.

At December 31 there was \$5,348,000 of the original £12m. loan stock on issue in public hands, which if fully converted would leave 20 per cent. of Alcan

Howard Smith now holds 44.9 per cent. of CAIL's 22.43m. \$41 shares, up from 40 per cent. when CRA bid to acquire the company, which would have left CRA with 12.5 per cent. CRA holds 12.5 per cent. following purchases in the share market.

BENGUET RAISES NEW \$46M. LOAN

The Bank of America and a group of ten international banks are to lend Benguet Consolidated \$46m. (£23.8m.) for the development of its open-pit copper and gold mine at Dizon in the Philippines. It was announced yesterday.

The funds will be used to complete construction of the mine and build a concentrator. Benguet won the Bank of America's approval in principle for the loan last summer.

This loan is part of a wider package of financing for Dizon. Towards the end of last year the Federal Export Development Corporation of Canada agreed to advance \$42.5m. for the purchase of machinery.

Benguet is the largest gold producer in the Philippines and its new mine is scheduled to start commercial production in the last quarter of 1979.

JFB REDEEMS LOAN STOCK

JFB Investments is to redeem at par on May 31, 1978 the whole of the outstanding £47,367 of 7 per cent. £1m. secured loan stock 1978-1980.

Alcan (U.K.) chairman buys into loan stock

MR. JOHN ELTON, chairman of Alcan Aluminium (U.K.), has substantially increased his holding in the company's 9 per cent. Convertible Loan Stock, ahead of the expected heavy conversion in May this year and the possible consequent listing of its Ordinary shares.

Accounts of Alcan released yesterday show Mr. Elton's holding increased in 1977 from 12,000 of stock to £25,000, and that by January 24 he had purchased a further £7,000. In 1976 he sold £1,333 of stock.

The May conversion period is expected to result in a high number of conversions following Alcan's 9.5p net per £1 share dividend for 1977 — its first — which is equal to 15 per cent. gross. Conversion of stock would lift the gross income on funds invested from 9 per cent. to 15 per cent.

After announcing the dividend on January 16 the price of the convertible rose 25p to 110p, giving an effective converted share price of 139p.

Mr. Elton would not have paid this amount for the £13,000 of stock bought in 1977 as the price fluctuated between £70 and £120. So far in 1978 the price has varied from £144 before the dividend announcement to £147, and closed yesterday steady at £141.

Alcan expects to maintain the dividend rate this year, and the next payment will be an interim dividend to be announced with the half-year results in August.

Alcan has gained permission in principle from the Stock Exchange for listing of the Ordinary shares, provided at least 5 per cent. of shares are in the hands of 250 holders.

The Treasury has confirmed that if Alcan gains listing following the conversion it will qualify as a newly listed company, which would leave it with two years of unrestricted dividend growth.

At December 31 there was \$5,348,000 of the original £12m. loan stock on issue in public hands, which if fully converted would leave 20 per cent. of Alcan

Aluminium (U.K.) in British hands.

Conversions in recent years, without the extra income benefit, have been small with £3,465 in 1977 and £10,733 in 1976. In 1975, after assuming certain debts of Alcan (U.K.), the parent Alcan Aluminium of Canada converted its holding into 5,164,723 Ordinary shares.

In 1977 the parent bought £500,000 of stock, following its 1976 purchase of £1.04m.

The company is fulfilling a 1969 loan stock prospectus pledge to "use its best endeavours to obtain no listing for the Ordinary shares."

In 1977 Alcan (U.K.) profits were up from £9.97m. to £24.68m. Directors say the current year has begun with domestic demand weak and consumer stocks still too high. The forecast outlook for growth in world markets is uncertain, and while the U.K. and the dividend is effectively raised from 2.9751p to 3.3275p net, with a final of 3.3275p.

Winding-up orders

Orders for the compulsory winding up of 30 companies have been made by Mr. Justice Slade in the High Court. They were: Shop Sales Services, Leamington, Reprographic Exports (Euromat), Electrical Services (Brixton), Accellant, Bruffen Property Trading Company, D. W. Croft, Chem-Mech Services, Mr. Peggott's, Putell, Seale Inn, Standrez, D. W. Haslam (Installations), Intercluse Properties, Oakstream, M.C. Plastering, Zampet, Seven Oak Finance, Alanglade, Western Road Garage (Tuxford), Seavale Securities, Latstar, Ferris Investments, Carolock, Tokenbridge, C. G. Crocker, Trimplex, Yates (Polato Merchants), Leisure Products (International) and YHAP Trading Company.

Capital spending in 1978 is expected to top £24m and planned investment over the next few years will be directed towards modernising semi-fabricating operations and improving overall competitiveness of downstream operations.

A current cost statement included with accounts shows a £9.7m. profit against an £8.1m. loss in the previous year, after additional depreciation of £12.8m. (£10.6m.), a cost of sales adjustment of £7m. (£13m.) and a yearling adjustment of £4.8m. (£5.6m.).

MANCHESTER SHIP CANAL COMPANY

1977 RESULTS

	1977 £(000)	1976 £(000)
Profit	2,120	4,031
Taxation	1,054	1,931
Set aside for loan capital redemption	59	61
Dividends	729	664
Retained	278	1,375
General reserve at December 31	10,224	9,946
Earnings per ordinary share	24.6p	52.2p

Final ordinary dividend 9.064p, making 15.564p for the year (1976 ordinary dividend 13.934p). Dividend adjustment of 0.115p for 1976 paid with the interim dividend on October 10. Final dividend payable April 10 to shareholders registered on March 10. Preference dividend 3.5p already paid.

Points from the statement of the Chairman Mr. D. K. Redford

- ★ petroleum traffic down reflecting lower oil industry activity generally but other traffic reasonably steady
- ★ heavier expenditure on dredging
- ★ further container terminal developments

A copy of the report and accounts may be obtained from the Secretary of the Company at Ship Canal House, King Street, Manchester, M2 4WV.

New Caledonia nickel deal signed by Amax

THE U.S. mining house, Amax, has signed an agreement with the Bureau de Recherches Géologiques et Minières (BRGM), French Government agency to develop an extensive nickel deposit in the north of New Caledonia, a French dependency in the Pacific.

But an announcement from Amax yesterday makes it clear that the project, which could cost more than \$500m. (£257m.), is still at a very early stage, and suggests that the final equity in the venture has not been settled.

No timing for the development of the project has been established, but the lengthy processes involved in working up to production would tend to make the present depression on the international nickel market irrelevant to the project's future.

Mr. Pierre Goussier, the Amax chairman, stressed yesterday that the long-term nickel outlook was good and that the current over-supply situation will come into balance with demand after 1980.

The Amax-BRGM agreement provides for the conduct of feasibility studies and, later on, mine construction and operation. The work will be carried out by Cofremmi, which is presently 50 per cent. owned by BRGM.

BRGM bought its dominant stake in Cofremmi in 1976 from Patino, the Dutch metals group, which retains a residual 10 per

cent. As part of the purchase BRGM undertook to develop the New Caledonian deposits, giving Patino royalties, profits and its share of output.

Under the new arrangement, spelled out by Amax, 90 per cent. of the Cofremmi capital (the current BRGM stake) will be held by a new French company, in which the BRGM shareholding will be 5 per cent. and that of Amax 49 per cent.

On this basis 46 per cent. of the new company's capital remains to be settled, suggesting that another partner will be sought for the project. Given the scale of the enterprise this is not surprising.

The reserves in question amount to 50m. tonnes, grading 2.5 per cent. nickel. At the time of the Patino-BRGM agreement annual production of 30,000-40,000 tonnes of nickel contained in ferro-nickel was envisaged.

The definite involvement of Amax in the project brings to an end discussions going back several years and represents a further effort by the French Government to exploit natural resources under its control.

Last year the Government signed an agreement with Inco of Canada, the industry leader, to study the possibility of exploiting nickel deposits in the south of New Caledonia.

In London yesterday, Amax shares were 2 1/2 higher at £24. Patino rose 1 to £19.

The busy man's builder

Bovis

Bovis Construction Limited
Telephone: 01-422 3455

JFB REDEEMS LOAN STOCK

JFB Investments is to redeem at par on May 31, 1978 the whole of the outstanding £47,367 of 7 per cent. £1m. secured loan stock 1978-1980.

This announcement appears as a matter of record only.

\$86,610,000

Leveraged Lease Financing of
the 165,000 dwt
S. S. Keystone CanyonGeneral Electric Credit Corporation
Bankers Trust Company

Owner Participants

Shipco 2296, Inc.
Demise Charterer

a subsidiary of

Keystone Shipping Co.

SPC Shipping Inc.
Time Charterer

a subsidiary of

The Standard Oil Company
(an Ohio corporation)

The undersigned acted as financial advisor to The Standard Oil Company and arranged for the placement of the original owner participation with General Electric Credit Corporation.

MORGAN STANLEY & CO.
Incorporated

February 28, 1978.

When you achieve worldwide growth in difficult economic conditions, that reflects strength.

From the Statement by the Chairman, Mr. P. T. Wright

- * Pre-tax profit increased by 39% over 1976.
- * During a period of high inflation, management at all levels of the Group have continued to improve our expense ratio.
- * The Group contributed £21million to the U.K. balance of payments.
- * Our worldwide strength, flexibility and professionalism will find us well placed for continuing growth.

Results in brief	1977	1976
Revenue	£61.2m	£52.7m
Profit before tax	£23.2m	£16.6m
Dividends	£2.9m	£2.6m
Earnings per share	29.0p	23.2p

For a copy of the 1977 Annual Review, please write to the Group Secretary at the address below.



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INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

District judge blocks Chrysler claim

DETROIT, Feb. 28.

A U.S. District Judge handed down a decision that could lead to the dismissal of a Federal Court suit by Chrysler Corporation against Fedders Corporation. The suit seeks damages of more than \$400m. in connection with the sale of Chrysler's Airtemp division to Fedders.

Judge James Churchill dismissed Chrysler's antitrust claim against Fedders, thus leaving the Federal Court without jurisdiction over the dispute. The judge gave Chrysler 30 days to restructure its claim in an attempt to regain standing.

In Edison, New Jersey, Fedders' chairman and chief executive officer, Mr. Salvatore Giordano, said he was gratified that Chrysler's antitrust claims were found to be without merit. But he added "it should be noted" that other claims of both Fedders and Chrysler are still pending.

Chrysler confirmed that "unless further steps are taken in 20 days the action will be dismissed. Chrysler contemplates taking further steps." The company declined to comment further.

Chrysler said it also has a suit pending in a New York State Court against Fedders seeking \$39m. in damages related to the Airtemp sale. Chrysler said it does not yet know what effect Judge Churchill's decision might have on the State action.

The Federal Court suit, filed last November, charged that Fedders refused to make all the payments to Chrysler called for under the agreement. Fedders purchased in 1976 almost all the assets of the ailing Airtemp division, which made non-automotive air-conditioning systems, for cash, stock and notes, valued at nearly \$80m.

Chrysler's suit also charges that Fedders violated Federal anti-trust laws by closing many of Airtemp's operations and forcing the sale of its business, thus lessening competition in the air-conditioning industry.

At the time the suit was filed, Fedders called the charges "groundless and without merit." AP-D

Gloucester Eng. acceptance

BY ADRIAN DICKS

BONN, Feb. 28.

G U T EHOFFNUNGSHUETTE, the West German engineering and plant construction group, has strengthened its foothold in the U.S. plastic processing machinery market. Battenfeld Maschinenfabriken, a subsidiary of GUT's 51 per cent owned Schloemann-Siemag, has announced acceptance by the shareholders of Gloucester Engineering of its takeover offer for the company, worth approximately \$15m.

According to a statement from Battenfeld today, the new group will have a turnover of over DM200m. and a world-wide workforce of about 2,000. With the product ranges of the two companies combined, it will be able to offer, in the management's view, a complete range of plastic-making and fabricating equipment, including turnkey projects for the construction of entire factories.

Battenfeld's product range at present includes injection moulding, vessel forming and polyurethane foam-producing machines, as well as plastics pipe extrusion equipment. One of its principal reasons for the takeover is its interest in building some of these traditional lines, and especially injection moulding machines, in the U.S.

Gloucester Engineering, whose own interests include a manufacturing and sales subsidiary in Britain, Glenco, is a leading supplier to the U.S. market of extrusion machinery and plastics fabricating equipment.

Cook still negotiating disposals

MEMPHIS, Feb. 27.

FOLLOWING the announcement by Pillsbury Company of the termination of negotiations with Cook Industries regarding the purchase for an estimated \$50m. of substantially all of Cook's grain merchandising assets, Cook has said that it is in negotiations with other companies.

Two New York-based companies, among the six largest grain exporters in the U.S., are reported as having a potential interest in buying the Cook grain elevators.

Sources within Cook and the export industry speculate that the company may be on the verge of getting a higher offer than that proposed in the Pillsbury deal.

They also predict that Pillsbury may reconsider making a higher offer, and said they would be extremely surprised if Cook retained the grain holdings.

Agencies

Dana-Floquet
Dana Corporation is "exploring the possibility of acquiring a majority interest in Societe Floquet Monopole, a French auto-parts maker, reports AP-DJ from Toledo, Dana, which already owns 44.7 per cent. of the French concern, declined to elaborate. The Paris Stock Exchange Association is suspending interest in Floquet shares pending a financial operation." Floquet's other principal shareholders are the French State-controlled Industrial Development Institute, with about 18 per cent, and Societe de Banque et de Credit, a unit of Credit Lyonnais, with 10.5 per cent.

Hertz-Nippon deal
Hertz Corporation, the nation's largest car rental company and a unit of RCA Corporation, told AP-DJ Jones that an association has been arranged with Nippon Rent-A-Car, Japan's highest car rental company. Under the pending agreement, reservations and billings would be exchanged when customers travel abroad.

Mr. Frank A. Olson, president and chief executive of Hertz, also said that he predicts "a strong first half for Hertz in terms of profits, revenue and rental volume. Last year, net income increased from \$42.2m. on revenue of \$780.5m. to a record \$60m. on revenue of \$837.4m.

Petrobras earns more
RIO DE JANEIRO, Feb. 28. THE BRAZILIAN state-controlled oil company, Petrobras S.A. (Petrobras), reports net profit for the year to December 31, 1977, of 15,388m. Cruzeiros (\$0.9m.). Net profit for 1976 was 10,078m. Cruzeiros. Gross sales rose from 109,109m. Cruzeiros to 163,025m. Cruzeiros (\$1.0m.).

Petrobras said its investments in 1977 rose to 31,511m. Cruzeiros against 19,399m. Cruzeiros the previous year.

AMERICAN QUARTERLIES
CHICAGO PNEUMATIC TOOL
Fourth Quarter 1977 1976
Revenue 329.7m. 291.8m.
Net profits 7.23m. 4.80m.
Net per share 0.39 0.58
Revenue 1.2m. 1.1m.
Net profits 27.1m. 20.8m.
Net per share 3.32 2.59

FOSTER WHEELER
Fourth Quarter 1977 1976
Revenue 329.7m. 291.8m.
Net profits 7.23m. 4.80m.
Net per share 0.39 0.58
Revenue 1.2m. 1.1m.
Net profits 27.1m. 20.8m.
Net per share 3.32 2.59

HARNISCHFEGGER
First Quarter 1978 1977
Revenue 120.46m. 116.2m.
Net profits 4.85m. 6.12m.
Net per share 0.55 0.70

IU INTERNATIONAL
Fourth Quarter 1977 1976
Revenue 603.9m. 535.9m.
Net profits 14.68m. 11.32m.
Net per share 0.39 0.31
Revenue 2.28m. 1.96m.
Net profits 59.24m. 42.44m.
Net per share 1.66 1.18

NATIONAL CAN CORP.
Year 1977 1976
Revenue 975.1m. 861.3m.
Net profits 13.6m. 20.7m.
Net per share 1.15 2.52

WARNER-LAMBERT CO.
Fourth Quarter 1977 1976
Revenue 69.4m. 61.8m.
Net profits 36.3m. 30.0m.
Net per share 0.45 0.26
Revenue 2.54m. 2.35m.
Net profits 187.6m. 158.7m.
Net per share 2.36 2.00

Heavier losses and no dividend from AKZO

BY CHARLES BATCHELOR

AMSTERDAM, Feb. 28.

AKZO, the Dutch-based chemicals company, posted a loss of Fls. 167m. for 1977 against Fls. 153m. in 1976. The net result in the fourth quarter was a loss of Fls. 44m. in 1977.

If extraordinary items are excluded, AKZO made a net loss of Fls. 55m. compared with a profit of Fls. 6m. the year before. In view of this result the board proposes passing the 1977 final dividend of Fls. 20 per share, compared with Fls. 20 in 1976. It recorded a loss of Fls. 5.64 per share after extraordinary items (Fls. 16 loss in 1976) and a loss of Fls. 1.38 before extraordinary items (Fls. 0.20 profit).

The company continued to make substantial losses on its man-made fibre activities in the fourth quarter of 1977 due to low sales volume and unduly low prices for textile filament yarns and staple fibres.

Earnings in other product groups were insufficient to offset these losses partly because the chemical products sector also faced a low level of shipments and poor prices.

The 1977 result takes into account the capitalisation of Fls. 21m. as preparation and starting

expenses for major projects. Net income figures per quarter before extraordinary losses show that although the company made a loss the fourth quarter result was lower than in the third quarter. The net result in the fourth quarter was a loss of Fls. 44m. compared with a loss of only Fls. 6m. in 1976. Extraordinary losses amounted to Fls. 112m. compared with Fls. 159m. the year before.

The principal losses were due to the shut-down of the Ferinka steel cord plant in the Irish Republic and the flooding of Akzo's plant at Enka, North Carolina.

A further Fls. 65m. was paid into reserves, which together with transfers in 1976 brought total provisions for extraordinary losses to Fls. 1,300. Extraordinary losses are expected to be reduced in man-made fibre production capacity in Europe and from cuts in overheads. It will also cover additional write-downs of property, plant and equipment in unprofitable sectors.

Group turnover fell 3 per cent to Fls. 10,410m. due to the lower rates of exchange for the translation of sales by foreign companies into guilders, and to the transfer of activities to third parties. Without these factors sales would have shown a slight increase on the Fls. 10,750m. in 1976.

Sales of man-made fibres in the fourth quarter were adversely affected by the shut-down of the Ferinka plant. Sales of man-made fibres fell to Fls. 3,350m. in 1977 from Fls. 3,500m. in 1976.

The pharmaceuticals, consumer products and miscellaneous products division also recorded a decline to Fls. 2,940m. from Fls. 3,220m. Chemical product sales were however to Fls. 3,590m. from Fls. 3,730m.

Akzo's workforce continued to fall sharply throughout the year. It stood at 83,800 at the end of 1977 compared with 91,100 a year earlier. Of this decline 1,300 was due to the sale of the company's paper interests, 1,400 to the closure of Ferinka, 2,900 from the re-organisation at Enka, and 1,700 from reductions at other companies.

Brave words at Mannesmann

BY ADRIAN DICKS

BONN, Feb. 28.

MANNESMANN, the West German steel pipe engineering and plant construction group, expressed itself today as "confident yet not optimistic" over prospects for business this year. In a letter to shareholders giving preliminary results for 1977, the Chairman, Herr Egon Overbeck, left no doubt that the market uncertainty hangs over the concern in 1978 is the further damage that may be done to its export competitiveness by the turbulence of the foreign exchange markets.

Although Herr Overbeck gave an assurance that employment in most Mannesmann companies and plants could be guaranteed for the next few months, he stressed that the hesitant recovery in the pipe market needed to gain strength while the pick-up of investment activity in recent months had so far led to only modest growth in the mechanical engineering market.

Confirming statements of its development over the past few months, the Mannesmann Board made clear today that it was relatively satisfied to have survived 1977 without suffering worse than it has done. As already announced, the company expects final results for last year to show a reduced profit from the DM 322m. earned in 1976, but today's letter to shareholders neither indicated the expected profit figure nor made any comment on the size of the 1977 dividend proposal.

Mannesmann had held its own last year, Herr Overbeck said, thanks to its more widely spread risk pattern, which in turn resulted from its new group structure. While the pipe-making and associated pipe-and-steel-trading activities of the group had suffered a bad year, the two principal engineering companies, the Rexroth and the mechanical engineering division subsidiary, Mannesmann Anlagenbau, had achieved considerably more positive results.

Nonetheless, group sales were down by about 1 per cent to DM11.6bn., with virtually no change for domestic subsidiaries but a 4 per cent drop in turnover for foreign subsidiaries. The latter development was due, shareholders were told, to a long strike in the company's Turkish welded pipe plant and to the cessation of some pipe sales in Canada to Algoma Steel.

Despite the Mannesmann Board's hesitancy over this year's export prospects, West German domestic companies' exports in 1977 were up by 1 per cent to DM5.5bn., and their share of total sales rose in consequence from 58 to 58 per cent.

Detailed figures on the current order book were not given, but the Board reported that after very sluggish movement during most of last year, the picture improved at the end of 1977, thanks largely to the follow-up order from the Soviet Union for large-diameter pipe produced at the new Muelheim works.

Profit rise at Libra Bank

By Michael Brandon

LIBRA BANK, the London-based consortium banking group specialising in Latin America, reports a further increase in profits for the past year.

The bank's pre-tax profit rose from £4.5m. to £5.1m., and a 6 per cent dividend totalling £78,000 is being paid to shareholders.

The managing director, Mr. Thomas Gaffney, reported: "The syndication of large credits continues to be the main business of the bank but other specialised financial services are gradually assuming more importance and are likely to contribute significantly to profits in the future."

The bank has benefited from the relatively high level of margins on loans to Latin America during the past year, at a time when they were under pressure in other areas of the world. Mr. Gaffney expects, however, that competition will increase in the coming year.

The bank's total assets rose from £274m. to £307m., and it reports that a sound liquidity position was maintained while the average life of the loan portfolio was further shortened to just over two years.

Libra's shareholders are National Westminster Bank, Chase Manhattan, Royal Bank of Canada, Swiss Bank Corporation, Westdeutsche Landesbank, Mitsubishi Bank, Bancomer (Mexico), Banco Itaú (Brazil), Credito Italiano and Banco Espírito Santo e Commercial de Lisboa.

ENEL expects to float new loan

STATE ELECTRICITY UTILITY ENEL plans shortly to launch an £800m. seven year bond, subject to government approval. Reuter reports from Milan. The issue would carry a coupon of 12 per cent and would be aimed at banks, who have to fulfill portfolio investment requirements by end-March. Reimbursement would start from the end of the fourth year.

Montefibre

UNIONS at Montefibre SPA's Porto Marghera plant near Venice claim they will take over the plant and reduce production unless the company pays unpaid wages by the end of March, reports Reuter from Rome. The company has not paid its wages for February. The customary end-year bonus equivalent to one month's salary, union sources said.

Montefibre, the loss-making synthetic fibres subsidiary of Montedison SPA, is expected to be among companies to benefit from emergency aid of £300m. to cover wage payments. But details of how the funds will be shared out still have to be finalised—two months after the government originally proposed the measure.

EUROBONDS
Fresh DM gains lead to coupon cutting

By Francis Ghille

THE DEUTSCHEMARK bond of the market had another day yesterday. The DM100 eight year convertible for 1981 was quoted at 100.401 after the low manager had the coupon by one quarter of point to 4 per cent.

Conversion will be possible from July 1 at a price of 23 per share and a fixed exchange rate of 1117.3 per D-Mark. The bond was quoted at 100.401 after market trading.

The DM150m. bond of Mexican Commission Federal Electricidad has a ten year maturity and an indicated coupon of 64 per cent. The German domestic bond market opened weaker in early reactions to measures taken in Switzerland but recovered later in the day. Fears of further controls being applied by the authorities prompted the early fall.

The dollar sector was strong yesterday but trading remained thin.

In the sterling sector prices remained steady.

The Italian State telecommunications company STET, launching a \$50m. floating note through its Luxembourg holding company, Societe Financiere pour les Telecommunications at l'Electronique, interest rate is expected to be 3 per cent over the interbank rate with a minimum of 8.4 per cent. Manager is Kreditbank Luxembourg.

Panama will float a \$35m. 9 year bond in the Asian debt market early this month. Indicated coupon is 84 per cent. Lead manager is Nomura Securities.

SNCF, the French State railway company, will float a 12-year bond on the Japanese capital market through a group of banks led by Nikko Securities. Indicated coupon 64 per cent. It will be priced at 88.15. Argentina is expected to launch a \$15bn. issue in Tokyo in April. Terms are as yet unknown.

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Citibank issues \$HK floaters

HONG KONG, Feb. 28.

CITIBANK has started issuing floating rate certificates of deposit (FRCDS) denominated in Hong Kong dollars.

The certificates will have a maturity of four years, and will carry an interest rate of 51 per cent during the first six months. They will be issued in denominations of HK\$100,000 (just over U.S.\$20,000). The amount being issued is HK\$300m.

Citibank said that the floating rate CD is an attractive instrument to an investor because it provides greater flexibility than a conventional time deposit through its negotiable character, as well as providing a hedge against a rise in interest rates, since the rate of interest is adjusted periodically.

Agencies

Increase at American Broadcasting

Financial Times Reporter

DESPITE a slight tightening of margins in the final quarter, American Broadcasting (ABC) ended 1977 with an increase in net earnings of 53 per cent, to \$109.8m. Earnings per share moved up from \$4.05 to \$6.04. At \$16.6m, sales showed a 20 per cent rise.

The fourth quarter brought earnings of \$34.8m., an increase of 48 per cent, and \$1.91 a share against \$1.36 on sales 25 per cent higher at \$499.8m.

At the nine-month stage, earnings showed a 53 per cent rise and sales an increase of 17 per cent. Mr. L. Goldenson, the company chairman, and Mr. Elton H. Rule, the president, commented at that stage that earnings of \$6 a share for 1977 were "achievable." The executives attributed the success of the third quarter to the company's broadcasting operations which remained the principal contributors to the gains in earnings.

Textron dividend up

Textron Incorporated has increased the quarterly dividend to 40 cents from 35 cents, payable on April 1, to shareholders of fund of \$35m. will be reserved for distribution to certain general creditors — mainly merchandise

Weather hits Westvaco

NEW YORK, Feb. 28.

WESTVACO CORPORATION reported that in the first quarter ended January 31, net income dropped to \$10.1m. or 60 cents a share from \$11.9m. or 70 cents a year earlier.

Sales rose to a record \$257m. from \$228m. a year ago.

Mr. David Luke, the president, told the annual meeting that Westvaco lost "about \$10m. in sales during the latter part of January and that weather conditions penalised earnings by about 12 cents a share in January alone."

The severe winter weather affected operations over a wide area, curtailing production, impeding incoming and outgoing shipments and obstructing product deliveries to customers.

Continuation of storm conditions

W. T. Grant agrees claims

Charles G. Rodman, trustee for the estate of the bankrupt W. T. Grant Co., has entered into an agreement with 26 bank creditors of Grant for settlement of their claims, Reuter reports from New York.

Under the terms of the proposed plan, which is subject to bankruptcy court approval, a fund of \$35m. will be reserved for distribution to certain general creditors — mainly merchandise

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	1977	1976
Issued Capital	10,800	10,800
Retained Profits	3,350	2,462
Subordinated Loans	5,249	5,872
Deposits	354,289	352,480
Loans	191,800	216,665
Total Assets	381,154	379,319
Profits before Taxation	3,048	2,988
after Taxation	1,428	1,388

Japan International Bank Limited

Shareholders

Fuji Bank Daiwa Securities
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مركز التمويل

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HONG KONG

WE ARE PLEASED TO ANNOUNCE AN
ADDITIONAL LINK IN OUR EXTENSIVE
NETWORK OF AGENCIES. AS FROM
1st MARCH 1978 WE WILL BE
OPERATING IN ASSOCIATION WITH:

ALLIED EXCHANGE LIMITED

205 HONG KONG BANK BUILDING, HONG KONG

LIBRA BANK LIMITED

EXTRACT FROM AUDITED ACCOUNTS

	Year ending 31st Dec. 77	Year ending 31st Dec. 76
SHARE CAPITAL AND RETAINED PROFITS	12,885,529	10,800,993
SUBORDINATED LOANS	2,817,860	2,979,993
DEPOSITS	259,480,057	236,333,469
CASH AT BANKS, MONEY AT CALL AND SHORT NOTICE, CD'S	56,008,316	57,776,035
LOANS—MATURING WITHIN ONE YEAR	77,051,597	81,082,942
LOANS—MATURING AFTER ONE YEAR	132,517,868	108,577,883
TOTAL ASSETS	366,872,227	273,854,226
PROFIT BEFORE TAXATION	5,104,538	4,149,974
PROFIT AFTER TAXATION	2,434,536	2,029,974

Shareholders
The Chase Manhattan Bank, N.A. The Royal Bank of Canada National Westminster Bank Limited
Swiss Bank Corporation Westdeutsche Landesbank Girozentrale
Bancomer S.A. Banco Itaú S.A. Credito Italiano S.p.A. Banco Espírito Santo e Commercial de Lisboa

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ANNOUNCING A SLIGHT MODIFICATION TO THE LAWS OF ENGINEERING.

Until now, car engineers have assumed that the best way to give extra refinement to a four-cylinder engine was to turn it into a six-cylinder engine.

The disadvantage is that, in the process, it can become bigger, heavier and thirstier.

So we challenged the basic assumption, and built the first five-cylinder petrol engine to go into production.

(We say 'petrol engine' because Mercedes have already produced a five-cylinder diesel).

Our tests showed that all the way from 500 to 5,000 rpm, our five was quieter than its V-6 rivals.

Yet its fuel consumption, at 26.9 mpg DIN, remained firmly in the four-cylinder class.

It wasn't only ourselves who were impressed by these facts.

The Times observed: "Manufacturers' claims have often to be treated sceptically, but Audi's five-cylinder is as smooth and as quiet as most sixes" (14.7.77)

The Financial Times echoed this: "The five-cylinder Audi 100 feels just like a six-cylinder car."

Motor compared our car with three of its six-cylinder rivals. On 11 out of 16 criteria our car was placed either first or first equal.

Autocar in their road tests even scored our car ahead of cars like the Rover 3500 and the Jaguar 4.2.

All this, of course, wasn't just because of our engine.

Handling, accommodation, finish and "at the wheel" were some of the other areas where Motor, for example, placed our car at the top of their rating table.

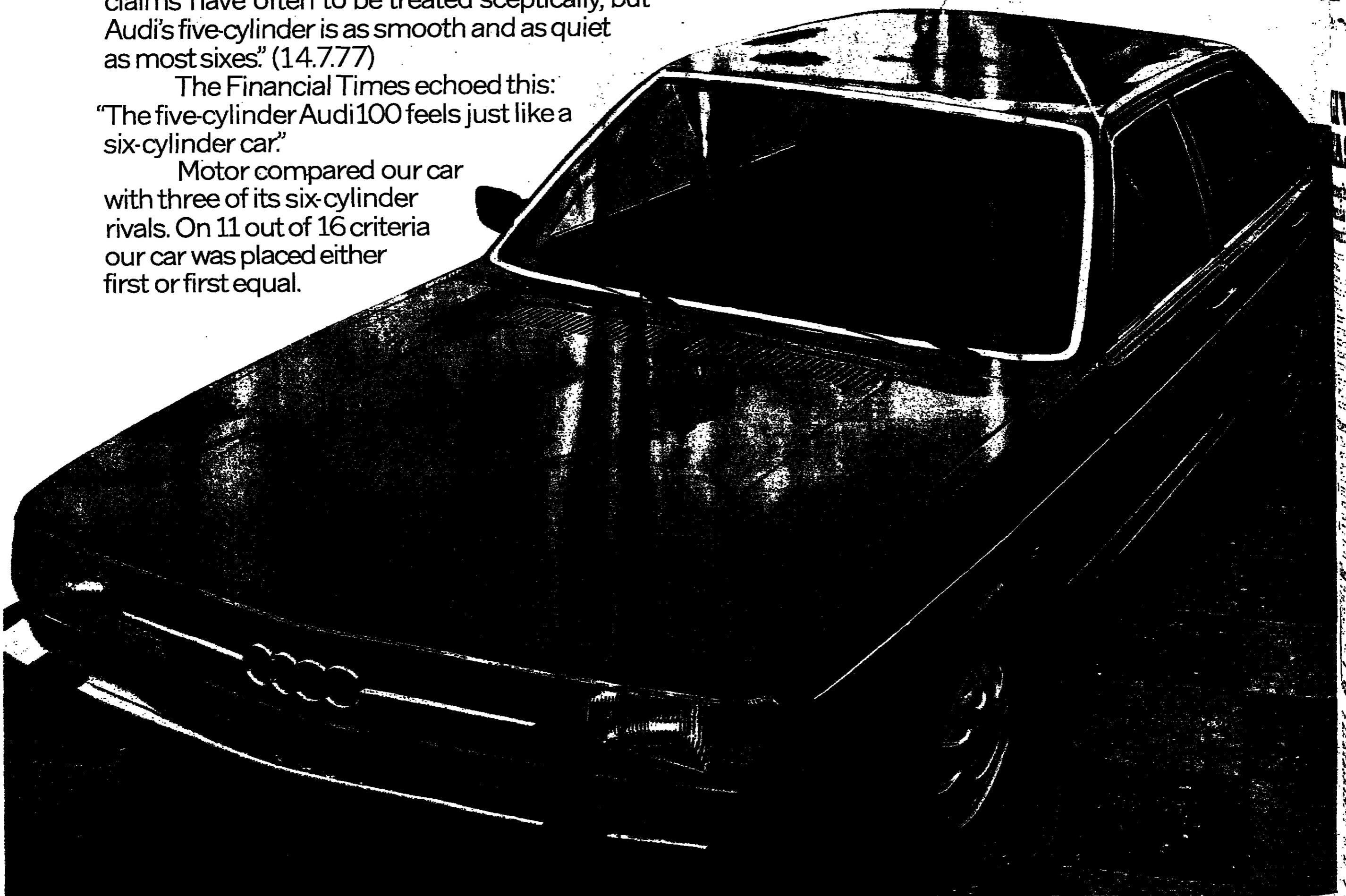
And that was before we added power steering to our car.

To own it will cost you all of £6,350.

And at least one cherished assumption about six-cylinder cars.

THE NEW 5 CYLINDER AUDI 100.

We think we've thought of everything.



Motor magazine group test (October 22, 1977) road tested the Audi 100 SE, Ford Granada 2.8i, Renault 30TS and Rover 2600. Audi/NSU noise tests (March 3, 1976) featured the Audi 100 SE, Mercedes-Benz 280, Opel Commodore, Peugeot 604, Renault 30 and BMW 525. The new Audi 80 range starts at £4,097. The new Audi 100 range starts at £5,098. Prices include VAT, car tax and seat belts and are correct at time of going to press. Number plates and delivery extra. Alloy wheels, as shown, are an optional extra. Figures quoted are our factory figures. For more information on the Audi 80 or 100 write to: Audi Marketing Department, Volkswagen House, Brighton Road, Purley, Surrey. Export enquiries to: Personal Export, 96 Baker Street, London W1, 01-496 8411.

'Rational' pay policy wanted

BRIEF and mild recovery in next two years, rising slightly after the end of 1978. These forecasts are based on the assumption of direct tax cuts of £2bn. in the April budget, which would boost the public sector borrowing requirement to £9.4bn. in 1978-79 compared with £8.5bn. for the year in last December's Letter of Intent to the International Monetary Fund.

The review suggests that this stimulus would moderate the rise in unemployment in 1978. In its policy recommendations

as opposed to the working assumptions of its forecast, the Institute proposes sufficient stimulus to prevent a rise in unemployment this year. This would be around £24bn., depending on the split between taxes and expenditure.

There is also a renewal of the Institute's long-standing call for moves towards a "more rational" long-term incomes policy. It is critical of last autumn's rise in the exchange rate—a perfect example of the way in which concern with monetary targets can trigger in

Brighter prospects facing OECD

THE INSTITUTE expects a most economic revival this year in Western Europe to raise the growth in real output there from about 2 per cent to 3 per cent.

Governor's 'ambiguous' analysis attacked

THE Government's monetary targets, and particularly the approach recently outlined by Mr. Gordon Richardson, the Governor of the Bank of England, are attacked in the latest National Institute review today.

The Institute argues that the adoption of monetary targets which were too restrictive or too rigid could lead to unwarranted effects on fiscal policy or on exchange rates, and could do more harm than good.

One passage of the lecture, the Institute says, seems to have worrying implications, suggesting that fiscal action should be taken to reduce the Government's borrowing requirement if the monetary expansion looked like overshooting the target.

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PUBLIC BORROWING AND MONEY SUPPLY

Financial years, £m.

	Public sector borrowing requirement	Change in currency	External financing of public sector	Bank lending to public sector	Bank lending to private sector (in sterling)	Domestic credit expansion	Foreign currency finance	Bank's non-deposit liabilities (net)	Change in money supply (sterling)
1975/76	10,583	463	+1,157	+3,375	+334	5,043	+591	863	2,453
1976/77	8,770	884	+195	+333	+3,325	4,952	+1,153	785	2,828
Forecast 1977/78	6,700	995	-2,400	+1,105	+4,105	3,450	+1,000	850	5,200
1978/79	9,400	1,000	-150	+1,050	+5,400	7,450	-500	900	7,400
1979/80	9,900	1,100	-500	+1,600	+4,800	7,400	-600	900	7,400

* Foreign currency bank lending to the public sector, overseas sterling deposits, and bank's foreign currency deposits (net).

Source: Financial Statistics, National Institute estimates.

Higher living standards likely

LIVING standards and consumer spending are expected to rise quite sharply in the first half of this year, with a marked slowdown in the rate of growth from autumn.

The latest National Institute forecasts are based on the working assumption of a £2bn. cut in direct taxes in the budget but no further discretionary changes in 1979 apart from the adjustment of income-tax allowances in line with inflation.

The exchange rate is assumed to be left to move freely unless large and sharp movements are in prospect which are not implied by the projections.

Average earnings are assumed to rise by 15 per cent overall in the current pay round—against the 17 per cent increase assumed in November—with an increase of roughly 12 per cent in the following year from July.

The latest forecasts are not qualitatively different from the projections in the last issue of the review in November, though there are some quantitative differences. A slightly smaller rise in disposable incomes and consumer spending is projected in 1978.

Overall, real Gross Domestic Product is projected to increase by 2.7 per cent this year compared with 1977 and by 3.7 per cent in the year to the fourth quarter of 1978.

The main boost is expected to come from consumer spending—the period.

Although sharp fluctuations in the savings ratio are expected from quarter to quarter, the average levels in 1978 and 1979 are projected at 16.1 and 15.8 per cent, compared with 15.7 per cent last year.

Public expenditure on goods and services is expected to

SUMMARY OF THE FORECAST

(November projections in brackets)

	Real gross domestic product (change, year/year)	Real personal disposable income (change, year/year)	Unemployment (4th qtr. m.)	Money supply (change in sterling, M, fiscal year)	Consumer prices (change, year/year)	Current account balance (year, £bn.)	Public sector borrowing requirement (fiscal year, £bn.)
1977	-0.1 (0.2)	-2.0 (-1.1)	1.4 (1.4)	13.0 (13.0)	14.5 (13.9)	0.1 (0.5)	6.7 (7.2)
1978	2.7 (3.4)	4.3 (5.1)	1.4 (1.5)	16.3 (16.0)	8.5 (8.4)	-1.3 (2.1)	9.4 (8.6)
1979	2.5	2.7	1.5	14.5	9.8	1.3	9.9

depress total demand. Although there are problems interpreting the latest spending White Paper, the Institute suggests that current expenditure will rise by about 2 per cent in volume this year, while fixed investment by mainly public industries and services will fall by around 2 per cent. Public housing investment will rise by about 3 per cent.

On the prospects for manufacturing investment, the review says there is continuing conflict between the evidence from the econometric forecasting equation, suggesting little or no further growth this year in view of sluggish output, and the direct evidence of another large increase from the various surveys of investment intentions.

Inflation

The Institute places more weight on the intentions evidence and forecasts a growth in manufacturing expenditure (excluding metal manufacture, notably British Steel) of 1.1 per cent this year following a rise of 1.3 per cent in 1977.

A rise of less than 9 per cent is projected for other private industrial investment (excluding shipping and North Sea activities), with investment in private housing projected to increase by more than 17 per cent in 1978 after a fall of 1.2 per cent last year.

Trade performance is expected to be disappointing in 1978. The exchange rate is now nearly 7 per cent above its average level in 1977.

With world trade in manufacturing expected to grow in volume by only between 4 and 6 per cent, total exports of goods and services are projected to rise by just over 4 per cent in real terms.

However, since the recovery of demand is largely attributable to private consumption and manufacturing investment, which are relatively intensive, the volume of imports of goods and services is expected to rise by almost 7 per cent.

The current account surplus is expected to decline from £228m. in the first three months of 1978 to £185m. in the final quarter, so upward pressure on the exchange rate will disappear.

The effective exchange rate is projected to decline by just over 1 per cent between the first and final quarters, while remaining 6 per cent higher on average than last year.

A current account surplus of £12.7bn. is forecast for 1978 as a whole—some £200m. less than expected last November, mainly because of the greater fiscal stimulus assumed in the budget (£2bn. against £1bn.) and the effect on exports of the lower world trade projection.

The other main features of the forecast for this year are the projected deceleration in the rate of increase of consumer prices and increased pressure on the monetary front.

Following the assumed budget stimulus, the public sector borrowing requirement is projected at £9.4bn. in 1978-79 compared with £8.5bn. in the current financial year. A relatively strong recovery is expected in bank lending to the private sector.

Allowing for lower sales than in 1977-78 of Government debt outside the banking sector, a growth in borrowing of about 10 per cent is forecast in 1978-79.

The latest review also presents a detailed forecast for 1979 for the first time with a rather gloomy picture emerging.

Gross Domestic Product is expected to grow by about 2.5 per cent in real terms compared with

High growth

Public authorities' current expenditure should however, increase by 4 per cent, compared to 1.75 per cent in 1976 and 2.5 per cent in 1977.

The U.S. is likely to have another year of moderately high growth, probably 4 to 4.5 per cent in 1978 compared with 4.9 per cent in 1977. However, a marked slowing down seems likely by the turn of the year and Gross National Product may grow by little more than 3 per cent in 1979 without further substantial fiscal stimulation.

Inflation in the OECD has been more favourable than the Institute had expected, and the rate of consumer price increase is expected to fall further from last year's 8 per cent to 7.5 per cent in 1978.

It is more doubtful, however, whether the decision would continue in 1979. Social measures to reduce unemployment militate against continuing productivity gains and much of the reduction in commodity prices in 1977 is likely to be reversed during the next two years.

Unemployment has fallen steeply in the U.S. since August and it has also turned downwards over the same period in Japan and most of the more important West European countries after rising fairly sharply during the summer.

Warning

Thus, although unemployment in the OECD area was probably higher than average in 1977 than 1976, at 5.5 per cent compared with 5.4 per cent, it looks as though if ended the year rather lower than it began. However, the Institute warns that it would be rash to count on favourable trends in 1978 or 1979.

The volume of OECD trade is expected to grow by about 5 per cent in 1978 and by rather more, particularly on the export side, in 1979. World trade is likely to rise by 5.5 per cent this year and slightly more next year.

The Institute warns against the proliferation of trade restrictions, which could impair trade prospects over the next two years.

The Institute expects the U.S. current account deficit to widen from 15.75bn. SDRs (Special Drawing Rights) in 1977 to 18.25bn. SDRs in 1978.

Japan is likely to improve its surplus from 9.51bn. SDRs to 11.35bn. SDRs and West Germany from 3.02bn. to 8.06bn. SDRs. A French deficit of 1.66bn. SDRs is expected to become a surplus of 0.26bn. SDRs and the Italian surplus is likely to widen from 0.12bn. to 2.16bn. SDRs.

The over-1978 OECD area deficit is forecast at 18bn. SDRs, compared with 22bn. SDRs in 1977.

CHANGES IN MAIN COMPONENTS OF DEMAND IN OECD COUNTRIES

	1974-75	1976 (est.)	1977 (est.)	1978 (fore.)
Consumers' expenditure	+4	+4.1	+4.1	+4.1
Public authorities' current spending	+3.1	+1.1	+2.1	+4.1
Gross fixed investment	+3	+1	+1	+1
Trade balance	+1	+1	+1	+1
Stockholding	+1	+1	+1	+1
Gross domestic product	+3.1	+5.1	+3.1	+4.1

GROWTH RATES OF GROSS DOMESTIC PRODUCT AT 1970 AND 1975 PRICES

	1970 prices	1975 prices	Difference in GDP at 1970 and 1975 prices
1974	2.7	3.0	0.3
1975	-0.1	0.6	0.7
1976	2.7	3.0	0.3
1977	2.5	3.2	0.7
1978	2.5	2.9	0.4
1979	2.5	2.6	0.1
1980	2.5	2.4	-0.1
1981	2.5	2.4	-0.1
1982	2.5	2.4	-0.1
1983	2.5	2.4	-0.1

NOTICE OF REDEMPTION

to the holders of

AMAX INC.

(formerly American Metal Climax, Inc. and Ammax International Capital Corporation)

8 3/4% Guaranteed Sinking Fund Debentures (Series A) due April 1, 1986 (Red Color)

NOTICE IS HEREBY GIVEN THAT, pursuant to Section 3.01 of Article Three of the Indenture dated as of April 1, 1971, among Ammax Inc., Inc. and Ammax International Capital Corporation (hereinafter called "the Company"), American Metal Climax, Inc., Guarantor, and Bankers Trust Company, Trustee (hereinafter called "the Trustee"), there will be redeemed on April 1, 1978, through the opening of the Sinking Fund, as redemption price equal to 100% of the principal amount to be redeemed, \$1,486,000 principal amount of 8 3/4% Guaranteed Sinking Fund Debentures (Series A) due April 1, 1986 (hereinafter called "the Debentures").

The following are the serial numbers of the Debentures bearing prefix M to be redeemed:

155 1848 8181 4439 6050 7080 7998	9013 10015 11185 12288 13612 15130 16220 17222 18126 19127
205 1872 8182 4440 6056 7081 7999	9031 10021 11188 12291 13613 15131 16221 17223 18127 19128
206 1873 8183 4441 6057 7082 7999	9032 10022 11189 12292 13614 15132 16222 17224 18128 19129
210 1874 8184 4442 6058 7083 7999	9033 10023 11190 12293 13615 15133 16223 17225 18129 19130
212 1875 8185 4443 6059 7084 7999	9034 10024 11191 12294 13616 15134 16224 17226 18130 19131
220 1876 8186 4444 6060 7085 7999	9035 10025 11192 12295 13617 15135 16225 17227 18131 19132
222 1877 8187 4445 6061 7086 7999	9036 10026 11193 12296 13618 15136 16226 17228 18132 19133
224 1878 8188 4446 6062 7087 7999	9037 10027 11194 12297 13619 15137 16227 17229 18133 19134
226 1879 8189 4447 6063 7088 7999	9038 10028 11195 12298 13620 15138 16228 17230 18134 19135
228 1880 8190 4448 6064 7089 7999	9039 10029 11196 12299 13621 15139 16229 17231 18135 19136
230 1881 8191 4449 6065 7090 7999	9040 10030 11197 12300 13622 15140 16230 17232 18136 19137
232 1882 8192 4450 6066 7091 7999	9041 10031 11198 12301 13623 15141 16231 17233 18137 19138
234 1883 8193 4451 6067 7092 7999	9042 10032 11199 12302 13624 15142 16232 17234 18138 19139
236 1884 8194 4452 6068 7093 7999	9043 10033 11200 12303 13625 15143 16233 17235 18139 19140
238 1885 8195 4453 6069 7094 7999	9044 10034 11201 12304 13626 15144 16234 17236 18140 19141
240 1886 8196 4454 6070 7095 7999	9045 10035 11202 12305 13627 15145 16235 17237 18141 19142
242 1887 8197 4455 6071 7096 7999	9046 10036 11203 12306 13628 15146 16236 17238 18142 19143
244 1888 8198 4456 6072 7097 7999	9047 10037 11204 12307 13629 15147 16237 17239 18143 19144
246 1889 8199 4457 6073 7098 7999	9048 10038 11205 12308 13630 15148 16238 17240 18144 19145
248 1890 8200 4458 6074 7099 7999	9049 10039 11206 12309 13631 15149 16239 17241 18145 19146
250 1891 8201 4459 6075 7100 7999	9050 10040 11207 12310 13632 15150 16240 17242 18146 19147
252 1892 8202 4460 6076 7101 7999	9051 10041 11208 12311 13633 15151 16241 17243 18147 19148
254 1893 8203 4461 6077 7102 7999	9052 10042 11209 12312 13634 15152 16242 17244 18148 19149
256 1894 8204 4462 6078 7103 7999	9053 10043 11210 12313 13635 15153 16243 17245 18149 19150
258 1895 8205 4463 6079 7104 7999	9054 10044 11211 12314 13636 15154 16244 17246 18150 19151
260 1896 8206 4464 6080 7105 7999	9055 10045 11212 12315 13637 15155 16245 17247 18151 19152
262 1897 8207 4465 6081 7106 7999	9056 10046 11213 12316 13638 15156 16246 17248 18152 19153
264 1898 8208 4466 6082 7107 7999	9057 10047 11214 12317 13639 15157 16247 17249 18153 19154
266 1899 8209 4467 6083 7108 7999	9058 10048 11215 12318 13640 15158 16248 17250 18154 19155
268 1900 8210 4468 6084 7109 7999	9059 10049 11216 12319 13641 15159 16249 17251 18155 19156
270 1901 8211 4469 6085 7110 7999	9060 10050 11217 12320 13642 15160 16250 17252 18156 19157
272 1902 8212 4470 6086 7111 7999	9061 10051 11218 12321 13643 15161 16251 17253 18157 19158
274 1903 8213 4471 6087 7112 7999	9062 10052 11219 12322 13644 15162 16252 17254 18158 19159
276 1904 8214 4472 6088 7113 7999	9063 10053 11220 12323 13645 15163 16253 17255 18159 19160
278 1905 8215 4473 6089 7114 7999	9064 10054 11221 12324 13646 15164 16254 17256 18160 19161
280 1906 8216 4474 6090 7115 7999	9065 10055 11222 12325 13647 15165 16255 17257 18161 19162
282 1907 8217 4475 6091 7116 7999	9066 10056 11223 12326 13648 15166 16256 17258 18162 19163
284 1908 8218 4476 6092 7117 7999	9067 10057 11224 12327 13649 15167 16257 17259 18163 19164
286 1909 8219 4477 6093 7118 7999	9068 10058 11225 12328 13650 15168 16258 17260 18164 19165
288 1910 8220 4478 6094 7119 7999	9069 10059 11226 12329 13651 15169 16259 17261 18165 19166
290 1911 8221 4479 6095 7120 7999	9070 10060 11227 12330 13652 15170 16260 17262 18166 19167
292 1912 8222 4480 6096 7121 7999	9071 10061 11228 12331 13653 15171 16261 17263 18167 19168
294 1913 8223 4481 6097 7122 7999	9072 10062 11229 12332 13654 15172 16262 17264 18168 19169
296 1914 8224 4482 6098 7123 7999	9073 10063 11230 12333 13655 15173 16263 17265 18169 19170
298 1915 8225 4483 6099 7124 7999	9074 10064 11231 12334 13656 15174 16264 17266 18170 19171
300 1916 8226 4484 6100 7125 7999	9075 10065 11232 12335 13657 15175 16265 17267 18171 19172
302 1917 8227 4485 6101 7126 7999	9076 10066 11233 12336 13658 15176 16266 17268 18172 19173
304 1918 8228 4486 6102 7127 7999	9077 10067 11234 12337 13659 15177 16267 17269 18173 19174
306 1919 8229 4487 6103 7128 7999	9078 10068 11235 12338 13660 15178 16268 17270 18174 19175
308 1920 8230 4488 6104 7129 7999	9079 10069 11236 12339 13661 15179 16269 17271 18175 19176
310 1921	

Dow 6 weaker on economic concern + FOREIGN EXCHANGES \$ falls again

BY OUR WALL STREET CORRESPONDENT

FRESH INDICATIONS of a January Index of Leading Economic indicators fell 1.5 per cent, the dollar's plunge to near-record lows in Europe combined to drive stocks on Wall Street broadly lower in fairly active trading today.

The Dow Jones Industrial Average ended 6.23 weaker at a three-year low of 742.12—the last time the index closed below this level was on February 28, 1975, when it stood at 739.01. The NYSE, Standard Oil of Indiana fell 1 1/2 to \$44.12.

Among glamour issues, Du Pont fell 2 1/2 to \$37.75, IBM 2 1/2 to \$251.10, and Texas Instruments 2 1/2 to \$61.10.

AMRAC Industries, however, rose 3 1/2 to \$41.10, still responding to news that preliminary merger discussions are being held with an undisclosed company.

THE AMERICAN SE Market Value Index needed 0.49 further to 122.85 on volume of 2.17m. shares (2.44m.).

Prices weakened fresh from the outset aimed continuing concern about the jump in the Urban

TUESDAY'S ACTIVE STOCKS

Stock	Change
IBM	+1.10
IBM	+1.10
IBM	+1.10
IBM	+1.10
IBM	+1.10
IBM	+1.10
IBM	+1.10
IBM	+1.10
IBM	+1.10
IBM	+1.10

Consumer Price Index for January, with the decline broadening in the afternoon after the Government reported that its

Indices

NEW YORK DOW JONES

	1977-78					since completion				
	Feb. 26	Feb. 27	Feb. 28	Feb. 25	Feb. 24	High	Low	High	Low	
In-Instal.	742.12	748.38	756.24	758.95	749.05	748.31	889.75	742.12	105.170	41.22
H'm'ed'ed'	89.49	88.62	88.51	85.78	84.46	89.69	58.37	128.42	111.175	22.623
Transport	201.46	205.89	205.95	206.78	205.84	204.81	244.54	198.173	279.39	15.24
Utilities	105.26	102.94	103.21	102.64	102.54	102.84	115.87	102.54	160.82	10.56
Trailing vol. 000's	13,750	16,390	22,510	18,720	16,450	21,890	22,671	22,162	20,498	28,442

STOCK EXCHANGE REPORT

Tentative rally falters as buyers remain hesitant
First rise in 7 trading days leaves index 1.6 up at 443.4

Account Dealing Dates
Option
First Declared Last Account
Dealing Date
Jan. 30 Feb. 10 Feb. 21
Feb. 12 Feb. 23 Feb. 24 Mar. 7
Feb. 27 Mar. 9 Mar. 10 Mar. 21
New time "dealing" may take place
from 8.30 a.m. to 10.30 a.m.

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in the railways dispute and
also publication of the latest
NBSR review.
Less business was transacted in
investment currency but orders
throughout, generally from insti-
tutional sources, were well
matched with the result that rates
fluctuated only narrowly. At the
close, the premium was 1.45 per
cent. on balance at 87.1 per cent.
Yesterday's S.E. version
factor was 0.7151 (0.7215).

NatWest firm
Despite the better-than-
expected preliminary profits from
the sale of NatWest, the volume
of trading in the major
clearers remained small. Barclays
rose 6 to 302.5, while Lloyds and
Midland ended 4 dearer at 247.5
and 333.5 respectively and Bank
of Scotland closed 7 to the good
at 282.5. Elsewhere, Merchant
Bank was easier in places with
Nidland ended 4 dearer at 247.5
in a thin market and G.R. Davies
a similar amount lower at 62p.
Hire Purchases plotted an
irregular course with Wagon
Finance closing 3 higher at 82p
and Sterling Credit 4 down at
28p.

Lloyds Brokers took a distinct
turn for the better in response
to the much better-than-expected
annual earnings reported by
Sedgwick Forbes which rose 20
to 340p, sympathetic gains of
around 10 were seen in
Heath, 288p, and Willis Faber
27p, while Milnet added 5 to
137p, Matthews Wrightson 7 to
137p and Alexander Howden 6 to
137p. Excellent fourth-quarter figures
helped Commercial Union
improve 2 more to 145p. General
Composite Insurances: General
Accident closed a similar amount
dearer at 203p in front of to-day's
preliminary results.

Breweries attracted a reason-
able business and closed firmly.
Dunlop's featured with a rise
of 6 to 95p on revised bid specu-
lation, while Allied, 79p, and Whit-
bread A, 84p, put on a penny
apiece. Elsewhere, Geo. Sandeman
hardened 3 to 60p and A. Bell
4 to 20p.

Buildings picked up in places
and closed with mixed movements
on balance. Taylor Woodrow
rallied 6 to 325p, while Richard
Accident improved 4 to 244p and
G. H. Downing 5 to 205p. A.P.
Cement and London Brick ended
a penny dearer at 229p and 64p
respectively. Phoenix Timber,
however, shed 5 to 140p and
Accident closed a similar amount
dearer at 123p; the latter's preliminary
results are due on March 20.

Among quickly firm chemicals,
ICI edged forward a penny to
improve 2 further to 300p ahead
of next Monday's annual results.
Jas. Walker better
Stores moved quietly forward
with the general trend. Jewellery
issues rallied with James Walker

leading the movement at 73p, up
9. H. Samuel A recovered 3 to
240p and Raters rose 2 dearer
at 89p, after 90p. Reflecting the
return to profitability in the first
on 2 apiece. Supermarkets had
half, Roskill hardened a penny to
12p, while improvements of 3 and
4 respectively were seen in Lee
Cooper, 108p, and NSS News-
agents, 104p.

EMI met with occasional nervous-
ness ahead of to-morrow's
interim results and gave up 4 to
161p, but other Electrical leaders
made a quietly firm showing.
Thorn edged up 6 to 348p, GEC
improved 2 to 245p and Plessey
was a penny firmer at 90p. Foreign
Secondary issues, however, were
finished with mixed movements.

Bury & Masco up on bid
Secondary issues provided the
focus points among miscellaneous
issues. Bury and Masco
jumped 17 to 97p, after 89p, in
response to a bid worth around
101p per share from Scape Group,
41 lower at 94p. Hamblin
moved up 5 to 48p to match the
terms offered by Ferguson Securities.
Fidelity closed a shade
dearer at 86p in response to investment
comment. Waterford Glass
hardened 2 to 94p following the
results and Granada A were 3
dearer at 87p after the chairman's
optimistic statement. Powell
Duffryn put on 6 to 135p and
Amalgamated Metal added 5 to
290p. Redfern National Glass,
however, shed 3 to 255p as bid
hopes faded and Sale Tilley re-
quired 6 to 192p. With the ex-
ception of Turner and Newall,
which cheapened 3 to 190 ahead
of to-morrow's preliminary re-
sults, the Board's proposed mea-
sures to eliminate problems in
the area helped Reed Inter-
national close a penny up at 110p,
after 113p.

Appleyard came to the fore in
Motors and Distributors, closing
5 better at 77p on the dividend
and profits forecast which accom-
panied news of several acquisi-
tions. Kwik-Fit returned to favour
with a rise of 3 to 324p, while
Reliant finished a shade better
at 8p and Brown Bess a penny
harder at 23p. H. Young remained
at 38p; sentiment was not

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affected by the Curzon Industrial
Finance disposal of all its 20 per
cent shareholding. Elsewhere
Lucas Industries stood out with
a fall of 4 to 245p.
Still reflecting the week-end
comment on potential North Sea
oil revenue, Thomson gave up 5
more at 181p as did Daily Mail A
at 273p. Elsewhere, Oliver Paper
closed a penny harder at 171p
in front of to-day's results.

Properties were highlighted by
a jump of 17 to 104p in Property
Investment and Finance on news
that Castlemead Properties had
acquired British Land's 13.3 per
cent. holding in PIF and intends
to procure an offer for the out-
standing ordinary shares of the
company. PIF 1991-96 Convertible
advanced 21 points to 232.
Regional issues were also out-
standing following the announce-
ment that Friends' Provident had
agreed to buy a 29.9 per cent.
stake in the company, the
Ordinary rising 2 to 87p, after
73p. Scattered demand developed
for MPPC, 117p, and Land Secur-
ties, 205p, both of which improved
a few pence. Stock Conversion
found support at 255p, up 4, alone
with Haslemere, 5 to the good at
224p, while Slough firmed 3 to
112p and Berkeley Hambro 2 to
90p.

BP down late
British Petroleum was unsettled
late and fell 22 to 726p because
of an opening delay in Sohar
trading on Vail Street. The
company's statement, however, pub-
lication of an analytical survey of
the latter company. Shell held up
well throughout before turning
easier after hours in sympathy
with BP and closed 6 cheaper at
490p. North Sea issues continued
to reflect recent Press doubts
about potential benefits from the
area. Lasso eased 2 further to
188p and the "Ops" gave up 9
to 298p at 298p.

Still reflecting compensation
hopes, Jamaica Sugar moved up
3 1/2 to 174p for a two-day gain of
25p. James Finlay, at 650p,
regained 5 of the previous day's
loss of 13, while Booker's
McCormick improved 4 to 197p.
Investment Trusts had a firmer
inclination. Jardine Securities
closed 2 better at 97p, on the
interim figures, while Inter-
national Pacific Securities, 130p,
and International Investment
Trust Jersey, 180p, put on 3 and
4 respectively. Fashion and
General at 118p, recovered 3 of
the previous day's rejection of 10
in a little-changed Financial
sector. Gains of 2 were seen in
El Oro, 540p, and Exploration,
24p, but Smith Bros. finished a
penny easier at 33p; the
Monopolies Commission has
given the go-ahead for the pro-
posed merger with fellow stock-
holders Biscuit Biscuit.

Shipings were quiet and little
changed. P and O Deferred
closing unaltered at 96p, after

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OFFSHORE AND OVERSEAS FUNDS

[illegible][illegible]

CHRISTIE & CO

32 Baker Street London W1
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Nine regional offices
Specialists in the sale of privately
owned businesses and companies
Valuers - Licensed Dealers

FT SHARE INFORMATION SERVICE

AMERICANS—Continued

1977-78	High	Low	Stock	Price	Div	Yield	1977-78	High	Low	Stock	Price	Div	Yield
100	100	100	Alcoa	100	1.00	1.00	100	100	100	Alcoa	100	1.00	1.00
101	101	101	Alcoa	101	1.01	1.01	101	101	101	Alcoa	101	1.01	1.01
102	102	102	Alcoa	102	1.02	1.02	102	102	102	Alcoa	102	1.02	1.02
103	103	103	Alcoa	103	1.03	1.03	103	103	103	Alcoa	103	1.03	1.03
104	104	104	Alcoa	104	1.04	1.04	104	104	104	Alcoa	104	1.04	1.04
105	105	105	Alcoa	105	1.05	1.05	105	105	105	Alcoa	105	1.05	1.05
106	106	106	Alcoa	106	1.06	1.06	106	106	106	Alcoa	106	1.06	1.06
107	107	107	Alcoa	107	1.07	1.07	107	107	107	Alcoa	107	1.07	1.07
108	108	108	Alcoa	108	1.08	1.08	108	108	108	Alcoa	108	1.08	1.08
109	109	109	Alcoa	109	1.09	1.09	109	109	109	Alcoa	109	1.09	1.09
110	110	110	Alcoa	110	1.10	1.10	110	110	110	Alcoa	110	1.10	1.10

Conversion factor 0.7151 (0.7215)

CANADIANS

1977-78	High	Low	Stock	Price	Div	Yield	1977-78	High	Low	Stock	Price	Div	Yield
111	111	111	Alcan	111	1.11	1.11	111	111	111	Alcan	111	1.11	1.11
112	112	112	Alcan	112	1.12	1.12	112	112	112	Alcan	112	1.12	1.12
113	113	113	Alcan	113	1.13	1.13	113	113	113	Alcan	113	1.13	1.13
114	114	114	Alcan	114	1.14	1.14	114	114	114	Alcan	114	1.14	1.14
115	115	115	Alcan	115	1.15	1.15	115	115	115	Alcan	115	1.15	1.15
116	116	116	Alcan	116	1.16	1.16	116	116	116	Alcan	116	1.16	1.16
117	117	117	Alcan	117	1.17	1.17	117	117	117	Alcan	117	1.17	1.17
118	118	118	Alcan	118	1.18	1.18	118	118	118	Alcan	118	1.18	1.18
119	119	119	Alcan	119	1.19	1.19	119	119	119	Alcan	119	1.19	1.19
120	120	120	Alcan	120	1.20	1.20	120	120	120	Alcan	120	1.20	1.20

S.E. List Premium 39% (based on \$2.1322 per \$)

BANKS AND HIRE PURCHASE

1977-78	High	Low	Stock	Price	Div	Yield	1977-78	High	Low	Stock	Price	Div	Yield
121	121	121	Bank of America	121	1.21	1.21	121	121	121	Bank of America	121	1.21	1.21
122	122	122	Bank of America	122	1.22	1.22	122	122	122	Bank of America	122	1.22	1.22
123	123	123	Bank of America	123	1.23	1.23	123	123	123	Bank of America	123	1.23	1.23
124	124	124	Bank of America	124	1.24	1.24	124	124	124	Bank of America	124	1.24	1.24
125	125	125	Bank of America	125	1.25	1.25	125	125	125	Bank of America	125	1.25	1.25
126	126	126	Bank of America	126	1.26	1.26	126	126	126	Bank of America	126	1.26	1.26
127	127	127	Bank of America	127	1.27	1.27	127	127	127	Bank of America	127	1.27	1.27
128	128	128	Bank of America	128	1.28	1.28	128	128	128	Bank of America	128	1.28	1.28
129	129	129	Bank of America	129	1.29	1.29	129	129	129	Bank of America	129	1.29	1.29
130	130	130	Bank of America	130	1.30	1.30	130	130	130	Bank of America	130	1.30	1.30

COMMONWEALTH & AFRICAN LOANS

1977-78	High	Low	Stock	Price	Div	Yield	1977-78	High	Low	Stock	Price	Div	Yield
131	131	131	Commonwealth	131	1.31	1.31	131	131	131	Commonwealth	131	1.31	1.31
132	132	132	Commonwealth	132	1.32	1.32	132	132	132	Commonwealth	132	1.32	1.32
133	133	133	Commonwealth	133	1.33	1.33	133	133	133	Commonwealth	133	1.33	1.33
134	134	134	Commonwealth	134	1.34	1.34	134	134	134	Commonwealth	134	1.34	1.34
135	135	135	Commonwealth	135	1.35	1.35	135	135	135	Commonwealth	135	1.35	1.35
136	136	136	Commonwealth	136	1.36	1.36	136	136	136	Commonwealth	136	1.36	1.36
137	137	137	Commonwealth	137	1.37	1.37	137	137	137	Commonwealth	137	1.37	1.37
138	138	138	Commonwealth	138	1.38	1.38	138	138	138	Commonwealth	138	1.38	1.38
139	139	139	Commonwealth	139	1.39	1.39	139	139	139	Commonwealth	139	1.39	1.39
140	140	140	Commonwealth	140	1.40	1.40	140	140	140	Commonwealth	140	1.40	1.40

LOANS

Public Board and Ind.

Financial

1977-78 High Low Stock Price Div Yield 1977-78 High Low Stock Price Div Yield

141 141 141 141 1.41 1.41 141 141 141 141 1.41 1.41

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BUILDING INDUSTRY—Cont.

1977-78	High	Low	Stock	Price	Div	Yield	1977-78	High	Low	Stock	Price	Div	Yield
175	175	175	Building Ind.	175	1.75	1.75	175	175	175	Building Ind.	175	1.75	1.75
176	176	176	Building Ind.	176	1.76	1.76	176	176	176	Building Ind.	176	1.76	1.76
177	177	177	Building Ind.	177	1.77	1.77	177	177	177	Building Ind.	177	1.77	1.77
178	178	178	Building Ind.	178	1.78	1.78	178	178	178	Building Ind.	178	1.78	1.78
179	179	179	Building Ind.	179	1.79	1.79	179	179	179	Building Ind.	179	1.79	1.79
180	180	180	Building Ind.	180	1.80	1.80	180	180	180	Building Ind.	180	1.80	1.80
181	181	181	Building Ind.	181	1.81	1.81	181	181	181	Building Ind.	181	1.81	1.81
182	182	182	Building Ind.	182	1.82	1.82	182	182	182	Building Ind.	182	1.82	1.82
183	183	183	Building Ind.	183	1.83	1.83	183	183	183	Building Ind.	183	1.83	1.83
184	184	184	Building Ind.	184	1.84	1.84	184	184	184	Building Ind.	184	1.84	1.84
185	185	185	Building Ind.	185	1.85	1.85	185	185	185	Building Ind.	185	1.85	1.85

S.E. List Premium 39% (based on \$2.1322 per \$)

DRAPERY AND STORES—Cont.

1977-78	High	Low	Stock	Price	Div	Yield	1977-78	High	Low	Stock	Price	Div	Yield
186	186	186	Drapery	186	1.86	1.86	186	186	186	Drapery	186	1.86	1.86
187	187	187	Drapery	187	1.87	1.87	187	187	187	Drapery	187	1.87	1.87
188	188	188	Drapery	188	1.88	1.88	188	188	188	Drapery	188	1.88	1.88
189	189	189	Drapery	189	1.89	1.89	189	189	189	Drapery	189	1.89	1.89
190	190	190	Drapery	190	1.90	1.90	190	190	190	Drapery	190	1.90	1.90
191	191	191	Drapery	191	1.91	1.91	191	191	191	Drapery	191	1.91	1.91
192	192	192	Drapery	192	1.92	1.92	192	192	192	Drapery	192	1.92	1.92
193	193	193	Drapery	193	1.93	1.93	193	193	193	Drapery	193	1.93	1.93
194	194	194	Drapery	194	1.94	1.94	194	194	194	Drapery	194	1.94	1.94
195	195	195	Drapery	195	1.95	1.95	195	195	195	Drapery	195	1.95	1.95

CHEMICALS, PLASTICS

1977-78	High	Low	Stock	Price	Div	Yield	1977-78	High	Low	Stock	Price	Div	Yield
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Side-effects of 'practical monetarism' challenged

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT'S adoption of monetary targets and the views recently put forward by Mr. Gordon Richardson, Governor of the Bank of England, were attacked this morning by the National Institute of Economic and Social Research.

The Institute argues that what matters in reducing the rate of inflation is the increase in earnings and this should be achieved by a formal long-term incomes policy.

Its latest quarterly review "strongly disagrees" with the implication in the Governor's speech that fiscal policy should be subordinated to the need to meet monetary targets, regardless of the state of the real economy.

The Institute maintains that adoption of targets which are too restrictive or too rigid could lead to unwarranted effects on fiscal policy or on exchange rates—as shown by the impact of the recent rise in sterling—and could do more harm than good.

This challenge to the "practical monetarism" outlined recently by Mr. Richardson, Mr. Denis Heath, the Chancellor, and Sir Douglas Wass, Permanent Secretary at the Treasury—is coupled with a fairly pessimistic assessment of the prospects for the economy.

The Institute suggests that there will be only a brief and mild economic recovery this year, followed by a return to sluggish growth and rising unemployment in 1979.

This is based on the working assumption of a £2bn. cut in direct tax in the spring Budget, with further discretionary changes in fiscal policy. The Institute recommends a £2bn. net stimulus to stop unemployment rising during the year.

The most surprising feature of the forecasts is that the effect of the £2bn. assumed tax cut is to push up the public sector borrowing requirement in 1978-79 to £9.4bn.

This compares with the £8.6bn. ceiling for the year agreed with

the International Monetary Fund though the Institute believes the difference is within the possible margin of forecasting error.

This projection is much higher than other estimates. It is recognised that the borrowing requirement ceiling might be a constraint on a very large stimulus, but most economists—and Whitehall—believe that there should be sufficient headroom for a net stimulus of between £1.5bn. and £2bn.

Confidence

The review suggests that sterling M3 might grow by about 16 per cent. in 1978-79. This is likely to be well above the upper limit of any new monetary target.

The Institute projects a continuing current account surplus of around £1.3bn. in both 1978 and 1979, with a declining quarterly trend until the end of this year. Its projections, including a

predicted surplus of only £170m. next year, are slightly more optimistic than those of the London Business School and are probably also higher than those of the Treasury.

This may reflect the Institute's smaller projected rise in consumer spending and greater confidence about import penetration. Otherwise, its projections are broadly in line with the recent batch of forecasts, both within and outside Whitehall.

It expects a sharp rise in living standards and consumer spending in the next six months—resulting in a 3.7 per cent. rise in real Gross Domestic Product during 1978—followed by a marked slowdown with an increase in GDP of less than 2 per cent. in the year to the fourth quarter of 1978.

The Institute, like most other forecasters, is gloomy about unemployment and does not expect any significant improvement in the next two years.

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Japanese pledge on car sales expected

By Lorne Barling

THE JAPANESE Government is expected to give an undertaking soon to restrict the export of cars to Britain to no more than 10 per cent. of the market this year, Mr. Edmund Dell, Secretary for Trade, said yesterday.

No firm agreement had been reached, but he expected assurances to be given both on shipment of vehicles and on market penetration.

His comments come after reports that the British Government had been considering imposing controls on Japanese imports.

Mr. Dell, asked how effective he thought such restrictions would be, said he expected stocks already in the U.K. to be taken into account and for shipments to be monitored month-by-month during the year. He expected that the number of car-derived vans would also be controlled.

Because an agreement of this nature involved the Japanese Government, Japanese Automobile Manufacturers' Association as on previous occasions, it was more likely to be successful, the Minister said.

No excuse
"It is now of the highest importance that British car companies take advantage of this opportunity. There will no longer be this excuse, of the level of Japanese penetration, for a poor performance at home."

Mr. Dell stressed that the agreement had not yet been completed. He would make a firm statement as soon as details had been worked out.

In the context of Britain's overall trade with Japan, he did not believe the agreement would have much impact.

Mr. Tadeo Kato, the Japanese Ambassador in London, said yesterday that talks between the British and Japanese Governments had been going on for two weeks and were "nearing a satisfactory end."

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Japan urged to buy British Page 5

Merger

jobbers' buying and selling prices, had an anti-competitive effect, although it was unable to assess their precise effect. Mr. Fraser said he had drawn the Stock Exchange Council's attention to the relevant parts of the report.

Mr. Tony Lewis, chairman of Smith Bros., said last night: "We are pleased the commission found the merger not against the public interest."

"We will consult Bisgood and our advisers to consider the situation."

Clearly the plans made late last summer for the merger will have to be re-assessed in the light of the current financial situation of the two parties and of all other relevant considerations. The two concerns have not been in touch on the subject during the commission's four-month study.

In early October, before reference to the commission, terms had been agreed on the basis that Smith's whose shares are quoted, would bid five of its shares for each one in Bisgood, valuing the latter at 280p and the deal at £2.5m. Shares of Smith have changed little since being put down at 55p last night.

Miller's chances of Fed job grow brighter

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Feb. 28.

THE CHANCES of Mr. G. William Miller, the head of Textron, becoming the next chairman of the Federal Reserve Board appeared much brighter late today after an absorbing day's testimony in front of the Senate Banking Committee.

The session was marked by a denial by Mr. Miller of charges that he was aware that Textron subsidiary had made illegal payments five years to the former head of the Iranian Air Force.

It was also notable for a near revolt by members of the committee against the tactics of its chairman, Sen. William Proxmire, who had pressed Mr. Miller, who had alleged that Textron was guilty of bribery.

At the end of the day at least ten of the 15-member committee had indicated they would vote for Mr. Miller's nomination.

One of these, Sen. Thomas MacIntyre, of New Hampshire, said: "I think you've laid a glove on him" (Mr. Miller) and sought an immediate

committee vote on the nomination. Sen. Proxmire blocked that move but acknowledged that a vote would probably take place within the next day or two. The matter would then go to a decision by the full Senate.

An overwhelming committee approval of Mr. Miller would have great impact on the Senate. The growing support behind him stems from two main factors: first the quality of his defence

to-day and second the feeling that the investigators have so far failed to come up with any hard evidence that Mr. Miller knew the details of the Iranian payments.

Earlier in the day Mr. Miller, who had been composed at previous hearings, and Sen. Proxmire had clashed sharply.

Sen. Proxmire had stated that "the facts are loud and clear: Textron bribed Khatami." (Gen. Khatami, the Sen. Proxmire's chief and brother-in-law of the Shah, has been identified as the

hidden owner of Air Taxi, the Iranian agency to whom Bell Helicopter, the Textron subsidiary, paid \$2.5m. in 1973 in connection with a \$500m. helicopter order by Iran.)

Mr. Miller remonstrated with Sen. Proxmire. He said: "Senator, everything you've said, I disagree with."

"I had no knowledge whatsoever of any undisclosed ownership of Air Taxi. If I had known I would not have approved contractual payments to Air Taxi."

It was never Textron's intention that such payments, which the company does not deny making, should benefit Iranian officials, he added.

As previous hearings in cross examining past and present Textron and Bell officials, the committee heard a welter of conflicting evidence on whether Textron executives did know who was the real recipient of the \$2.5m. payment, but none of it appeared to be new or implicate Mr. Miller directly.

operations. In the parent bank, the International Westminster group and other subsidiaries, increased their profit contribution by 22 per cent. to around £71m., accounting for 30 per cent. of the total.

There was also a sharp rise in the profits of the related banking services division, which doubled to contribute 13 per cent. of the total.

The largest share came from Lombard North Central, the instalment credit subsidiary, and County Bank, the merchant bank. But Access, the credit card operation, also pushed its profits for NatWest up from £1.3m. to around £4m.

Results Page 19

National Westminster profits rise by 21% to £227m.

BY MICHAEL BLANDIN

NATIONAL Westminster Bank yesterday announced a sharp 21 per cent. rise in its profits last year. This was boosted by a £20m. reduction in the provisions made against bad debts which has been brought back into earnings.

The bank's pre-tax total rose from £187.5m. to £227.5m. Like the results already announced by Lloyds and Barclays, and the forecast made by Midland when it announced its rights issue earlier this year, the NatWest figures were better than most City commentators had expected.

The news brought a rise in Bank shares prices generally, with NatWest shares up 8p at 262p and with gains of 4-6p in the

shares of the other big four banks.

Mr. Robin Leigh-Pemberton, the chairman, reported that profits in the domestic branch banking system were little changed, but with the benefit of the reduction in provisions the contribution of the domestic operation rose by 10 per cent.

The reduction in the provision, the bank explained, reflected the better bad debt experience of last year, which meant that the provisions arrived at by the normal five-year average procedure—which included a bad years of 1974 and 1975—were considered to be more than required at present.

The bank's international

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Results Page 19

Post Office will spend £100m. on Viewdata

BY MAX WILKINSON

THE POST OFFICE is to spend £100m. over the next eight years on a more rapid development of Viewdata, a system which converts the domestic television set into a home computer terminal.

The system will allow modified sets to be connected by telephone line to a network of computers which will eventually store millions of pages of information on topics ranging from hobbies, encyclopaedias, directories and advertising to financial statistics.

Yesterday the Post Office announced that it was bringing forward the public launch date of the system by at least a year to the first quarter of 1979.

Ten computer centres are to be established for the launch, offering about 250,000 pages of information initially. The centres will include Birmingham, Cardiff, Edinburgh, Leeds, Manchester and Norwich.

The service will be available to anyone on the telephone who is prepared to pay for an adapted television set. The current price of a Viewdata colour set is about £700, but this is expected to fall to about £500 to £100 above the normal price.

For business use, black and white sets with a keyboard will be available at £300-£400. The system will be used by businesses and householders who

want to obtain information on different topics, but it can also be used for two-way "interactive" communications.

Subscribers will be able to use the system to type messages via the computer to other subscribers' television screens or, by using a simple keyboard, to play games with the computer or answer quizzes.

Viewers may also use the computer's programs to make their own calculations—of mortgage repayments, for example. Eventually it may be possible to make direct purchases by keying in a credit card number in response to a Viewdata advertisement.

The Post Office is talking to Access and Barclaycard about the security aspects of such a scheme.

The Post Office will not be responsible for the contents of the information provided. It will sell space on its computers to any organisation, provided the information does not infringe the law.

Subscribers wishing to use the system will pay for a local telephone call plus 1p for each page called up and an additional charge levied by the information provider ranging from zero to 50p a page.

About 100 organisations have agreed to provide information and have booked a total of 100,000 pages.

Feature Page 16

Engineering

is fixed by local bargaining through the year. The national agreement due from today, mainly affects overtime, shift and holiday pay, but is the yardstick for up to 2m. workers in or out of the federation.

On paper, the employers have agreed to raise the skilled rate of £22 a week (set in 1975) to £27 from today, and to £30 from August 1. The figures are not in dispute.

The federation says that because of the incomes policy, companies that have yet to settle under the guidelines would introduce the £27 on their due dates. Those who have already settled in the current round would not do anything for 12 months.

At that point they could introduce the £30 rate—but according to the employers, that figure could be then be overtaken by next year's national agreement. This appears to be the key point of the dispute.

Mr. Scaplan said yesterday the unions had agreed that companies which have settled under the 10 per cent. could not move until their anniversary. But those who had not should get the new rates on March 1 and August 1. Their local settlements should take the value of the common increase into consideration.

But under the federation's proposals, he said, some employees would have to wait another 12 months to get their £30 minimum, after receiving the £27.

Company tax payments up 25%

By Peter Riddell, Economics Correspondent

PAYMENTS of corporation tax so far in the current financial year are much higher than expected—providing clear evidence of the rise in company profitability.

Official figures published this morning show that in the first ten months of 1977-78 payments of corporation tax totalled £2,032m., which is 25 per cent. more than at the same stage of the last financial year.

This compares with total payments of £2,655m. in the whole of 1976-77 and the forecast for the last Budget of a 31 per cent. drop in receipts from this tax in the current financial year.

A rise in payments this year had been suspected, but the latest Inland Revenue figures at last provide confirmation since they show the figure for January, which is by far the most important month for company tax. The January total was £1,333m., compared with £1,114m. a year earlier.

The increase accounts for some of the undershooting of the borrowing requirement below the expected level. Moreover, since most of the tax payments concern profits earned before last April the figures suggest that the underlying improvement in profitability then was greater than earlier believed.

The level of corporation tax receipts was held down during the previous couple of years—falling from the total of £2,880m. in 1974-75. This was both as a result of the decline in profitability and, more importantly, the introduction of stock appreciation relief.

This relief allowed companies to offset against tax most of the increase in value of stocks of goods and raw materials, which has been a large item during the period of rapid price inflation.

Compared with the large tax relief on capital investment, this has meant that many companies have paid little tax on profits apart from advanced corporation tax associated with dividend payments.

The latest tax figures confirm that the profits net of stock appreciation in the last 12 months is likely to boost corporation tax receipts in the coming financial year, even though published gross profits are now being squeezed as a result of the rise in sterling.

IMI is one of the few companies in the engineering sector which has managed to match outside profit expectations in recent months: it has produced £34.2m. pre-tax for 1977, against a previous £30.1m. That is more or less where the profits by £3m., the six-point gully.

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THE LEX COLUMN

NatWest turns bad debts to good

If any bank was going to benefit from earlier years' over-provisioning for doubtful loans, National Westminster looked the best bet. Between 1973 and 1975 it set aside £91m. of extra provisions against advances—nearly as much as the three other big clearing banks together. So yesterday's news of the £20m. reduction in the provision against advances (which will probably continue to occur for the next couple of years) helped put the gloss on the preliminary figures and sent the shares 8p higher to 262p.

In fact it accounted for half of the £39.5m. rise in pre-tax profits to £227.5m. Strip this out and NatWest's performance roughly mirrors that of Lloyds and Midland. In common with these two, its second half profits fell by around a tenth whereas Barclays' profits rose by nearly one-third. However, the latter's treatment of its interest suspense account differs from some, and a recovery here, probably explains part of its above-average performance.

NatWest's domestic banking profits were flat, since its average base rate fell by over 2 per cent. during 1977, and unlike Midland, for example, it did not aggressively bid for low margin business. Consequently, the bulk of the remaining improvement came from the international operations, where profits were 22 per cent. up, and from the relatively small related banking services division, which doubled its profits.

The group balance sheet has risen by around £2bn. during the year and, helped by a £120m. floating rate note issue last April, the free capital ratio has increased marginally from 2.3 to 2.5. But even so this is still below average and the continued heavy capital spending programme has probably meant that the free equity ratio slipped slightly last year. As a result, some sort of funding exercise (such as a U.S. private placement) cannot be ruled out, especially if the group finally decides on a U.S. bank it would like to acquire.

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